

TAB

86TH CONGRESS } HOUSE OF REPRESENTATIVES } REPORT
 No. 2173

FOREIGN SERVICE ACT AMENDMENTS OF 1960

August 26, 1960.—Ordered to be printed

Mr. Hays, from the committee of conference, submitted the following
CONFERENCE REPORT

(To accompany S. 2633)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2633) to amend the Foreign Service Act of 1946, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

Strike out all after the enacting clause and insert *That this Act may be cited as the "Foreign Service Act Amendments of 1960"*.

SEC. 2. Section 416 of the Foreign Service Act of 1946, as amended, is amended to read as follows:

"SEC. 416. (a) A person appointed as a staff officer or employee shall receive basic salary at one of the rates of the class to which he is appointed which the Secretary shall, taking into account his qualifications and experience and the needs of the Service, determine to be appropriate for him to receive.

"(b) Whenever the Secretary determines that the needs of the Service warrant the appointment of staff officers or employees in a particular occupational group uniformly at a rate above the minimum rate of the applicable class, he may adjust the basic salary of any staff officer or employee in the same class and occupational group who is receiving less than such established rate."

SEC. 3. Section 417 of such Act is amended by striking out "(b)" in the first sentence.

SEC. 4. Section 431 of such Act is amended by striking out in the first sentence of paragraph (a) the phrase "the termination of time spent on authorized leave, whichever shall be later," and inserting in lieu thereof the phrase "upon termination of his service in accordance with the provisions of paragraph (b) of this section,"; and by amending paragraph (b) of this section to read as follows:

(b) The official services of a chief of mission shall not be deemed terminated by the appointment of a successor but shall continue until he has relinquished charge of the mission and for such additional period as may be determined by the Secretary, but in no case shall such additional period exceed fifty days, including time spent in transit. During such period the Secretary may require him to render such services as he may deem necessary in the interests of the Government."

SEC. 5. Section 441 of such Act and the heading to such section are amended to read as follows:

"CLASSIFICATION OF POSITIONS IN THE FOREIGN SERVICE AND IN THE DEPARTMENT"

"SEC. 441. (a) Under such regulations as he may prescribe, and in order to facilitate effective management, the Secretary shall classify all positions in the Service at posts abroad, excluding positions to be occupied by chiefs of mission, and in the case of those occupied by Foreign Service officers, Reserve officers, and staff officers and employees, he shall establish such positions in relation to the classes established by sections 412, 414, and 415, respectively. Positions occupied by alien employees and consular agents, respectively, shall be allocated to such classes as the Secretary may establish by regulation.

(b) Under such regulations as he may prescribe, the Secretary may, notwithstanding the provisions of the Classification Act of 1949, as amended (5 U.S.C. 1071 and the following), classify positions in or under the Department which he designates as Foreign Service Officer positions to be occupied by officers and employees of the Service, and establish such positions in relation to the classes established by sections 412, 414, and 415."

SEC. 6. Section 444 of such Act and the heading to such section are amended to read as follows:

"COMPENSATION PLANS FOR ALIEN EMPLOYEES"

"SEC. 444. (a) The Secretary shall, in accordance with such regulations as he may prescribe, establish compensation plans for alien employees of the Service: Provided, That such compensation plans shall be based upon prevailing wage rates and compensation practices for corresponding types of positions in the locality, to the extent consistent with the public interest.

(b) For the purpose of performing functions abroad, other Government agencies are authorized to administer alien employee programs in accordance with the applicable provisions of this Act."

SEC. 7. Title V of such Act is amended by adding at the beginning thereof the following new section:

"POLICY"

"SEC. 500. It is the policy of the Congress that chiefs of mission and Foreign Service officers appointed or assigned to serve the United States in foreign countries shall have, to the maximum practicable extent, among their qualifications, a useful knowledge of the principal language or dialect of the country in which they are to serve, and knowledge and understanding of the history, the culture, the economic and political institutions, and the interests of such country and its people."

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

as follows: "ADMISSION TO CLASS 7 OR 8"

(b) Section 516 of such Act is amended by striking out "Sec. 516" and inserting in lieu thereof "Sec. 516. (a)" and by adding at the end thereof a new paragraph (b) which shall read as follows:

(b) The Secretary may furnish the President with the names of those persons who have passed such examinations and are eligible for appointment as Foreign Service officers of class 8, whom he recommends for appointment directly to class 7 when in his opinion their age, experience, or other qualifications make such an appointment appropriate.

Sec. 9. (a) Section 517 of such Act is amended by striking out the words "A person who has not served in class 8" which appear at the beginning of the first sentence, and inserting in place thereof the following: "A person who has not been appointed as a Foreign Service officer in accordance with section 516 of this Act"

(b) Section 517 of such Act is further amended by striking out the second and third sentences of such section.

Sec. 10. (a) The heading to section 520 of such Act is amended by striking out the phrase "REINSTATEMENT AND RECALL" and substituting in lieu thereof the phrase "REAPPOINTMENT, RECALL, OR REEMPLOYMENT"

(b) The first sentence of paragraph (a) of section 520 of such Act is amended by inserting a period after the word "Service" where it appears for the third time, and by striking out the remainder of that sentence.

(c) Paragraph (b) of section 520 of such Act is amended to read as follows:

"(b) The Secretary may recall any retired Foreign Service officer temporarily to duty in the Service whenever he shall determine such recall is in the public interest."

(d) Section 520 of such Act is further amended by adding at the end thereof a new paragraph (c) which shall read as follows:

"(c) Notwithstanding the provisions of title 5, United States Code, section 62, and title 5, United States Code, section 715a, a Foreign Service officer heretofore or hereafter retired under the provisions of section 631 or 632 or a Foreign Service staff officer or employee hereafter retired under the provisions of section 803 shall not, by reason of his retired status, be barred from employment in Federal Government service in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer."

Sec. 11. Section 528 of such Act is amended by striking out in the second sentence of such section the phrase "subsection (d), section 7 of the Classification Act of 1923" and substituting in lieu thereof the phrase "the Classification Act of 1949".

Sec. 12. Section 531 of such Act is amended to read as follows:

"Sec. 531. The Secretary may, under such regulations as he may prescribe, appoint staff officers and employees on the basis of qualifications and experience. The Secretary may make provisions for temporary, limited, and such other types of appointment as he may deem necessary. He is authorized to establish appropriate probationary periods during which newly appointed staff officers or employees, other than those appointed for temporary or limited services shall be required to serve. The Secretary may terminate at any time, without regard to the provisions of section 637, or the provisions of any other law, the services of staff officers or employees appointed for temporary or limited service and staff officers or

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

such separation is by reason of misconduct the provisions of section 552 shall be applicable." (d)

Sec. 552. Under such regulations as he may prescribe, the Secretary may assign a staff officer or employee to any post or he may assign him to serve in any position in which he is eligible to serve under the terms of this or any other Act. A staff officer or employee may be transferred from one post to another by order of the Secretary as the interests of the Service may require.

Sec. 571. (a) Section 571 of such Act is amended by striking out paragraphs (a), (b), (c), and (d), and the heading to such section, and inserting in lieu thereof the following:

"ASSIGNMENTS TO ANY GOVERNMENT AGENCY OR INTERNATIONAL ORGANIZATION"

"Sec. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years.

"(b) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone, to a position in any Government agency, any United States delegation or mission to any international organization, in any international commission, or in any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.

"(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned pursuant to the terms of this section is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII. No officer or employee of the Service who, subsequent to the date of enactment of the Foreign Service Act Amendments of 1960, is assigned to, or who, after June 30, 1961, occupies a position in the Department that is designated as a Foreign Service officer position, shall be entitled to receive a salary differential under the provisions of this paragraph."

(b) Paragraph (c) of section 571 of such Act is amended by striking the phrase "with heads of Government agencies" where it appears in the second sentence and by redesignating the paragraph as "(d)".

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

FOREIGN SERVICE ACT AMENDMENTS OF 1962

Sec. 15. Section 576 of such Act is amended by striking out all after the word "accordance" and inserting in lieu thereof the phrase "with the appropriate provisions of titles III and IX of Public Law 402, Eightieth Congress (62 Stat. 7 and 15, 22 U.S.C. 1451-1453, 1478 and 1479)."

Sec. 16. Title V of such Act is further amended by adding at the end thereof the following new section:

"FOREIGN LANGUAGE KNOWLEDGE PREREQUISITE TO ASSIGNMENT"

"SEC. 578. The Secretary shall designate every Foreign Service Officer position in a foreign country whose incumbent should have a useful knowledge of a language or dialect common to such country. After December 31, 1963, each position so designated shall be filled only by an incumbent having such knowledge: Provided, That the Secretary or Deputy Under Secretary for Administration may make exceptions to this requirement for individuals or when special or emergency conditions exist. The Secretary shall establish foreign language standards for assignment abroad of officers and employees of the Service, and shall arrange for appropriate language training of such officers and employees at the Foreign Service Institute or elsewhere."

Sec. 17. Section 625 of such Act and the heading of such section are amended to read as follows:

"WITHIN-CLASS SALARY INCREASES OF FOREIGN SERVICE OFFICERS AND RESERVE OFFICERS"

"SEC. 625. Any Foreign Service officer or any Reserve officer, whose services meet the standards required for the efficient conduct of the work of the Service and who shall have been in a given class for a continuous period of nine months or more, shall, on the first day of each fiscal year, receive an increase in salary to the next higher rate for the class in which he is serving. Without regard to any other law, the Secretary is authorized to grant to any such officer additional increases in salary, within the salary range established for the class in which he is serving, based upon especially meritorious service."

Sec. 18. Title VI of such Act is amended by inserting after section 625 the following new section and the heading thereto:

"RELATIONSHIP BETWEEN PROMOTIONS AND FUNCTIONAL AND GEOGRAPHIC AREA SPECIALIZATION"

"SEC. 626. The achievement of the objectives of this Act requires increasing numbers of Foreign Service officers to acquire functional and geographic area specializations and to pursue such specializations for a substantial part of their careers. Such specialization shall not in any way inhibit or prejudice the orderly advancement through class 1 of any such officer in the Foreign Service."

Sec. 19. The heading "PART D--SEPARATION OF FOREIGN SERVICE OFFICERS FROM THE SERVICE" under title VI of such Act is amended to read as follows: "PART D--SEPARATION OF OFFICERS AND EMPLOYEES FROM THE SERVICE".

Sec. 20. Section 631 of such Act and the heading to such section are amended to read as follows:

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

FOREIGN SERVICE OFFICERS WHO ARE CAREER AMBASSADORS OR CAREER
MINISTERS

"SEC. 631. Any Foreign Service officer who is a career ambassador or a career minister, other than one occupying a position as chief of mission or any other position to which he has been appointed by the President, by and with the advice and consent of the Senate, shall upon reaching the age of sixty-five, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, he may extend such an officer's service for a period not to exceed five years."

SEC. 21. Section 632 of such Act and the heading to such section are amended to read as follows:

PARTICIPANTS IN THE FOREIGN SERVICE RETIREMENT AND DISABILITY
SYSTEM WHO ARE NOT CAREER AMBASSADORS OR CAREER MINISTERS

"SEC. 632. Any participant in the Foreign Service Retirement and Disability System, other than one occupying a position as chief of mission or any other position to which he has been appointed by the President, by and with the advice and consent of the Senate, who is not a career ambassador or a career minister shall, upon reaching the age of sixty, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, he may extend such participant's service for a period not to exceed five years."

SEC. 22. Subparagraphs (1) and (2) of paragraph (b) of section 634 of such Act are amended to read as follows:

"(1) one-twelfth of a year's salary at his then current salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of one year's salary at his then current salary rate, payable without interest, from the Foreign Service Retirement and Disability Fund, in three equal installments on the 1st day of January following the officer's retirement and on the two anniversaries of this date immediately following: Provided That in special cases, the Secretary may in his discretion accelerate or combine the installments; and

"(2) a refund of the contributions made to the Foreign Service Retirement and Disability Fund, with interest as provided in section 841(a), except that in lieu of such refund such officer, if he has at least five years of service credit toward retirement under the Foreign Service Retirement and Disability System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a), may elect to receive retirement benefits on reaching the age of sixty in accordance with the provisions of section 821. In the event that an officer who was separated from class 4 or 5 and who has elected to receive retirement benefits dies before reaching the age of sixty, his death shall be considered a death in service within the meaning of section 832. In the event that an officer who was separated from class 6 or 7 and who has elected to receive retirement benefits dies before reaching the age of sixty, the total amount of his contributions made to the Foreign Service Retirement and Disability Fund, with interest as provided in section 841(a), shall be paid in accordance with the provisions of section 841(b)."

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

Sec. 23. Section 635 of such Act and the heading to such section are amended to read as follows:

"FOREIGN SERVICE OFFICERS RETIRED FROM CLASS 7 OR 8"

"Sec. 635. Any Foreign Service officer in class 7 who is appointed under the provisions of section 516(b) and any Foreign Service officer in class 8 shall occupy probationary status. The Secretary may terminate his service at any time."

Sec. 24. Section 636 of such Act is amended by striking out the phrase "Any Foreign Service officer" and inserting in lieu thereof the phrase "Any participant in the Foreign Service Retirement and Disability System."

Sec. 25. (a) Paragraphs (a), (b), (c), and (d) of section 637 of such Act and the heading to such section are amended to read as follows:

"SEPARATION FOR CAUSE"

"Sec. 637. (a) The Secretary may, under such regulations as he may prescribe, separate from the Service any Foreign Service officer, Reserve officer, or staff officer or employee, on account of the unsatisfactory performance of his duties, or for such other cause as will promote the efficiency of the Service, with reasons given in writing, but no such officer or employee shall be so separated until he shall have been granted a hearing by the Board of the Foreign Service and the unsatisfactory performance of his duties, or other cause for separation, shall have been established at such hearing, unless he shall have waived in writing his right to a hearing. The provisions of this section shall not apply to Foreign Service officers of class 8 or any other officer or employee of the Service who is in a probationary status or whose appointment is limited or temporary, except when separation is by reason of misconduct.

"(b) Any participant in the Foreign Service Retirement and Disability System separated under the provisions of paragraph (a) of this section shall receive a refund of the contributions made to the Foreign Service Retirement and Disability Fund, with interest, as provided in section 841(a) except that in lieu of such refund such officer may (except in cases where the Secretary determines that separation was based in whole or in part on the ground of disloyalty to the United States) if he has at least five years of service credit toward retirement under this System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a), elect to leave his contributions in the Fund and receive an annuity, computed as prescribed in section 821 commencing at the age of sixty years. In the event that an officer who has elected under the provisions of this section to receive a deferred annuity dies before reaching the age of sixty, his contributions to the Fund, with interest, shall be paid in accordance with the provisions of sections 841 and 881.

"(c) Any officer or employee of the Service separated under the provisions of paragraph (a) of this section who is not a participant in the Foreign Service Retirement and Disability System shall be entitled only to such benefits as shall accrue to him under the retirement system in which he is a participant.

"(d) Any payments made in accordance with the provisions of paragraph (b) of this section shall be made out of the Foreign Service Retirement and Disability Fund."

Sec. 26. Section 638 of such Act and the heading to such section are amended to read as follows:

**"TERMINATION OF LIMITED APPOINTMENTS OF FOREIGN SERVICE
RESERVE OFFICERS AND STAFF OFFICERS AND EMPLOYEES"**

"Sec. 638. Notwithstanding the provisions of this or any other law, the Secretary may, under such regulations as he may prescribe, terminate at any time the services of any Reserve officer or staff officer or employee serving under limited appointment, except that, if the termination is because of misconduct, the provisions of section 637 shall be applicable."

Sec. 27. Section 641 of such Act is amended to read as follows:

"Sec. 641. All promotions of staff officers and employees to a higher class shall be made at a higher salary on the basis of performance and merit in accordance with such regulations as the Secretary may prescribe."

Sec. 28. Section 642 of such Act and the heading thereto are amended to read as follows:

"WITHIN CLASS AND LONGEVITY SALARY INCREASES"

"Sec. 642. (a) Under such regulations as the Secretary may prescribe, any staff officer or employee whose services meet the standards required for the efficient conduct of the work of the Service shall receive an increase in salary at periodic intervals to the next higher salary rate for the class in which he is serving. Without regard to any other law the Secretary is authorized to grant any such officer or employee additional increases in salary within the salary range established for the class in which he is serving, based upon specially meritorious service.

"(b) Under such regulations as the Secretary may prescribe, any staff officer or employee who has attained the maximum salary rate prescribed by section 415 for the class in which he is serving may be granted from time to time an additional salary increase beyond the maximum salary rate for his class in recognition of longevity or proficiency in the Service. Each such salary increase shall be equal to the maximum salary rate increase of the applicable class and no person shall receive more than four such salary increases while serving in the same class."

Sec. 29. Section 701 of such Act is amended by adding at the end thereof the following: "The Secretary may also provide to the extent that space is available therefor appropriate orientation and language training to spouses of officers and employees of the Government in anticipation of the assignment abroad of such officers and employees. Other agencies of the Government shall wherever practicable avoid duplicating the facilities of the Institute and the training provided by the Secretary at the Institute or elsewhere."

Sec. 30. (a) Paragraph (a) of section 704 of such Act is amended by striking out "1923" in the two places where it appears and inserting in lieu thereof "1949".

(b) Section 704 of such Act is amended by adding at the end of such section new paragraphs (c) and (f) which shall read as follows:

"(c) The Secretary may, under such regulations as he may prescribe, in the absence of suitably qualified United States citizens, employ persons who are not citizens of the United States by appointment to the staff of the Institute either on a full- or part-time basis or by contract for services in the United States or abroad at rates not in excess of those provided by the Classification Act of 1923, as amended (5 U.S.C. 1071).

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

(1) The Secretary may, under such regulations as he may prescribe, provide special monetary or other incentives not inconsistent with this Act to encourage Foreign Service personnel to acquire or retain proficiency in esoteric foreign languages or special abilities needed in the Service."

SEC. 31. (a) Section 803(b)(2) of such Act is amended to read as follows—

"(2) have paid into the Fund a special contribution for each year of such service in accordance with the provisions of section 852(b)."

(b) Section 803 is further amended by adding at the end thereof a new paragraph (c) which shall read as follows:

"(c)(1) In accordance with such regulations as the President may prescribe, any Foreign Service staff officer or employee appointed by the Secretary of State who has completed at least ten years of continuous service in the Department's Foreign Service, exclusive of military service, shall become a participant in the System and shall make a special contribution to the Fund in accordance with the provisions of section 852.

"(2) Any such officer or employee who, under the provisions of paragraph (c)(1) of this section, becomes a participant in the System, shall be mandatorily retired for age during the first year after the effective date of this paragraph if he attains age sixty-four or if he is over age sixty-four; during the second year at age sixty-three; during the third year at age sixty-two; during the fourth year at age sixty-one, and thereafter at age sixty.

"(3) Any officer or employee who becomes a participant in the System under the provisions of paragraph (c)(1) of this section who is age 57 or over on the effective date of this paragraph, may retire voluntarily at any time before mandatory retirement under paragraph (c)(2) of this section and receive retirement benefits under section 821."

SEC. 32. Section 804 of such Act is amended to read as follows:

"SEC. 804. (a) Annuitants shall be persons who are receiving annuities from the Fund and all persons, including surviving wives and husbands, widows, dependent widowers, children and beneficiaries of participants or annuitants who shall become entitled to receive annuities in accordance with the provisions of this Act, as amended, or in accordance with the provisions of section 6 of the Act of May 1, 1946 (70 Stat. 145), which when used in this title the term—

"(1) 'Widow' means the surviving wife of a participant who was married to such participant for at least two years immediately preceding his death or is the mother of issue by such marriage.

"(2) 'Dependent widower' means the surviving husband of a participant who was married to such participant for at least two years immediately preceding her death or is the father of issue by such marriage, and who is incapable of self-support by reason of mental or physical disability, and who received more than one-half of his support from such participant.

"(3) 'Child' means an unmarried child, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support. In addition to the offspring of the participant and his or her spouse the term includes (a) an adopted child, and (b) a step-child or recognized natural child who received more than one-half of his support from the participant."

SEC. 33. Section 811 of such Act is amended to read as follows:

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

"SEC. 811. (a) Six and one-half per centum of the basic salary received by each participant shall be contributed to the Fund for the payment of annuities, cash benefits, refunds, and allowances. An equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary. The amounts deducted and withheld from basic salary together with the amounts so contributed from the appropriation or fund, shall be deposited by the Department of State in the Treasury of the United States to the credit of the Fund.

"(b) Each participant shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment, except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary."

SEC. 81. (a) Paragraphs (a), (b), and (c) of section 821 of such Act are amended to read as follows:

"SEC. 821. (a) The annuity of a participant shall be equal to 2 per centum of his average basic salary for the highest five consecutive years of service, for which full contributions have been made to the Fund, multiplied by the number of years, not exceeding thirty-five, of service credit obtained in accordance with the provisions of sections 851, 852, and 853. However, the highest five years of service for which full contributions have been made to the Fund shall be used in computing the annuity of any participant who serves as chief of mission and whose continuity of service as such is interrupted prior to retirement by appointment or assignment to any other position determined by the Secretary to be of comparable importance. In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, shall not be counted.

"(b) At the time of retirement, any married participant may elect to receive a reduced annuity and to provide for an annuity payable to his wife or her husband, commencing on the date following such participant's death and terminating upon the death of such surviving wife or husband. The annuity payable to the surviving wife or her husband after such participant's death shall be 50 per centum of the amount of such participant's annuity computed as prescribed in paragraph (a) of this section, up to the full amount of such annuity specified by him as the base for the survivor benefits. The annuity of the participant making such election shall be reduced by 2 per centum of any amount up to \$2,000 he specifies as the base for the survivor benefit plus 10 per centum of any amount over \$2,000 so specified.

"(c) If an annuitant dies and is survived by a wife or husband and by a child or children, in addition to the annuity payable to the surviving wife or husband, there shall be paid to each surviving child an annuity equal to the smallest of: (i) 50 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$900; or (iii) \$1,800 divided by the number of children.

"(d) If an annuitant dies and is not survived by a wife or husband but by a child or children, each surviving child shall be paid an annuity equal to the smallest of: (i) 50 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$1,000; or (iii) \$2,000 divided by the number of children.

(b) Section 821 of such Act is further amended by adding new paragraphs (d), (e), and (f) which shall read as follows:

"(d) If a surviving wife or husband dies or the annuity of a child is terminated, the annuities of any remaining children shall be recomputed and paid as though such wife, husband, or child had not survived the participant.

"(e) The annuity payable to a child under paragraph (c) or (d) of this section shall begin on the first day of the next month after the participant dies and such annuity or any right thereto shall be terminated upon death, marriage, or attainment of the age of eighteen years, except that, if a child is incapable of self-support by reasons of mental or physical disability, the annuity shall be terminated only when such child dies, marries, or recovers from such disability.

"(f) At the time of retirement an unmarried participant may elect to receive a reduced annuity and to provide for an annuity equal to 50 per centum of the reduced annuity payable after his or her death to a beneficiary whose name shall be designated in writing to the Secretary. The annuity payable to a participant making such election shall be reduced by 10 per centum of an annuity computed as provided in paragraph (a) of this section and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the retiring participant, but such total reduction shall not exceed 50 per centum. No such election of a reduced annuity payable to a beneficiary shall be valid until the participant shall have satisfactorily passed a physical examination as prescribed by the Secretary. The annuity payable to a beneficiary under the provisions of this paragraph shall begin on the first day of the next month after the participant dies. Upon the death of the surviving beneficiary all payments shall cease and no further annuity payments authorized under this paragraph shall be due or payable.

Sec. 35. (a) Paragraphs (a), (b), and (c) of section 821 of such Act are amended to read as follows:

"(a) Any participant who has five years of service credit toward retirement under the System, including military or naval service that is credited in accordance with the provisions of section 821 of such Act, and who becomes totally disabled or incapacitated for useful and efficient service by reason of disease, illness, or injury not due to his own fault, incompetence, or a fault on the part of his part, shall, upon his own application or upon order of the Secretary, be retired on an annuity computed as prescribed in section 821. If the disabled or incapacitated participant has less than twenty years of service credit toward his retirement under the System at the time he is retired, his annuity shall be computed on the assumption that he has had twenty years of service, but the additional service credit that may accrue to a participant under this provision shall in no case exceed the difference between his age at the time of retirement and the mandatory retirement age applicable to his class in the Service.

"(b) In each case the participant shall be given a physical examination by one or more duly qualified physicians or surgeons designated by the Secretary to conduct examinations, and disability shall be determined by the Secretary on the basis of the advice of such physicians or surgeons. Unless the disability is permanent, like examinations shall be made annually until the participant has reached the statutory mandatory retirement age for his class in the Service. If the Secretary determines, on the basis of the advice of one or more duly qualified physicians or surgeons conducting such examinations, that an applicant has recovered to the

extent that he can return to duty, the annuitant may apply for reinstatement or reappointment in the Service within one year from the date his recovery is determined. Upon application the Secretary shall reclassify any such recovered disability annuitant in the class in which he was serving at time of retirement, or the Secretary may, taking into consideration the age, qualifications, and experience of such annuitant, and the present class of his contemporaries in the Service, appoint him or, in the case of an annuitant who is a former Foreign Service officer, recommend that the President appoint him, by and with the advice and consent of the Senate, to a class higher than the one in which he was serving prior to retirement. Payment of the annuity shall continue until a date six months after the date of the examination showing recovery or until the date of reinstatement or reappointment in the Service, whichever is earlier. Fees for examinations under this provision, together with reasonable traveling and other expenses incurred in order to submit to examination, shall be paid out of the Fund. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

"(c) If a recovered disability annuitant whose annuity is discontinued is for any reason not reinstated or reappointed in the Service, he shall be considered to have been separated within the meaning of section 834 as of the date he was retired for disability and he shall, after the discontinuance of the disability annuity, be entitled to the benefits of that section or of section 841(a) except that he may elect voluntary retirement in accordance with the provisions of section 636 if he can qualify under its provisions."

(b) Section 831 of such Act is further amended by adding new paragraphs (d) and (e) which shall read as follows:

"(d) No participant shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision of the Act of September 7, 1916, as amended, shall be so construed as to deny the right of any person to receive an annuity under this Act by reason of his own services and to receive concurrently any payment under such Act of September 7, 1916, as amended, by reason of the death of any other person.

"(e) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Secretary of Labor, shall be refunded to the Department of Labor, to be paid into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to the Department of Labor the amount representing such computed payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such Fund. Deductions from

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Secretary of Labor shall determine, whenever he finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding."

Sec. 36. Section 832 of such Act is amended to read as follows:

"Sec. 832. (a) In case a participant dies and no claim for annuity is payable under the provisions of this Act, his contributions to the Fund with interest at the rates prescribed in sections 821(a) and 831(a), shall be paid in the order of precedence shown in section 841(b).

(b) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), dies before separation or retirement from the Service and is survived by a widow or a dependent widower, as defined in section 804, such widow or dependent widower shall be entitled to an annuity equal to 50 per centum of the annuity computed in accordance with the provisions of paragraph (e) of this section and of section 821(a). The annuity of such widow or dependent widower shall commence on the date following death of the participant and shall terminate upon death of the widow or dependent widower, or upon the dependent widower's becoming capable of self-support.

(c) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), dies before separation or retirement from the Service and is survived by a wife or a husband and a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 821(c)(1). The child's annuity shall begin and be terminated in accordance with the provisions of section 821(c). Upon the death of the surviving wife or husband or termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though such wife or husband or child had not survived the participant.

(d) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), dies before separation or retirement from the Service and is not survived by a wife or husband, but by a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 821(c)(2). The child's annuity shall begin and terminate in accordance with the provisions of section 821(c). Upon termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though that child had never been entitled to the benefit.

(e) If, at the time of his or her death, the participant had less than twenty years of service credit toward retirement under the System, the annuities payable in accordance with paragraph (b) of this section shall be computed in accordance with the provisions of section 821 on the assumption he or she has had twenty years of service, but the additional service credit that may accrue to a deceased participant under this provision shall in no case exceed the difference between his or her age on the date of death and the mandatory retirement age applicable to his or her class in the Service. In all cases arising under paragraphs (b), (c), (d), or (e) of this section, it shall be assumed that the deceased participant was qualified for retirement on the date of his death."

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

Section 834 of such Act is hereby added to such Act as follows:

DISCONTINUED SERVICE RETIREMENT

Sec. 834. (a) Any participant who voluntarily separates from the Service after obtaining at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), may, upon separation from the Service or at any time prior to becoming eligible for an annuity, elect to have his contributions to the Fund returned to him in accordance with the provisions of section 841, or to leave his contributions in the Fund and receive an annuity, computed as prescribed in section 881, commencing at the age of sixty years.

(b) If a participant who has qualified in accordance with the provisions of paragraph (a) of this section to receive a deferred annuity commencing at the age of sixty dies before reaching the age of sixty, his contributions to the Fund, with interest, shall be paid in accordance with the provisions of sections 841 and 881.

Sec. 88. Section 841 of such Act is amended to read as follows:

"Sec. 841. (a) Whenever a participant becomes separated from the Service without becoming eligible for an annuity or a deferred annuity in accordance with the provisions of this Act, the total amount of contributions from his salary with interest thereon at 4 per centum per annum, compounded annually at the end of each fiscal year through June 30, 1960; semiannually as of December 31, 1960; annually thereafter as of December 31, and proportionately for the period served during the year of separation including all contributions made during or for such period, except as provided in section 881, shall be returned to him.

(b) In the event that the total contributions of a retired participant, other than voluntary contributions made in accordance with the provisions of section 881, with interest at 4 per centum per annum compounded annually as is provided in paragraph (a) of this section added thereto, exceed the total amount returned to such participant or to an annuitant claiming through him, in the form of annuities, accumulated at the same rate of interest up to the date the annuity payments cease under the terms of the annuity, the excess of the accumulated contributions over the accumulated annuity payments shall be paid in the following order of precedence, upon the establishment of a valid claim therefor, and such payment shall be a bar to recovery by any other person:

"(1) To the beneficiary or beneficiaries designated by the retired participant in writing to the Secretary;

"(2) If there be no such beneficiary, to the surviving wife or husband of such participant;

"(3) If none of the above, to the child or children of such participant and descendants of deceased children by representation;

"(4) If none of the above, to the parents of such participant or the survivor of them;

"(5) If none of the above, to the duly appointed executor or administrator of the estate of such participant;

"(6) If none of the above, to other next of kin of such participant as may be determined by the Secretary in his judgment to be legally entitled thereto.

"(c) No payment shall be made pursuant to paragraph (b)(6) of this section until after the expiration of thirty days from the death of the retired participant or his surviving annuitant."

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

SEC. 39. Section 851 of such Act is amended to read as follows:

"SEC. 851. For the purposes of this title, the period of service of a participant shall be computed from the effective date of appointment as a Foreign Service officer, or, if appointed prior to July 1, 1924, as an officer or employee of the Diplomatic or Consular Service of the United States, or from the date he becomes a participant under the provisions of this Act, as amended, but all periods of separation from the Service and so much of any leaves of absence without pay as may exceed six months in the aggregate in any calendar year shall be excluded, except leaves of absence while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended, and leaves of absence granted participants while performing active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States."

SEC. 40. (a) Paragraphs (a), (b), and (c) of section 852 of such Act are amended to read as follows:

"(a) A participant may, subject to the provisions of this section, include in his period of service—

"(1) civilian service in the executive, judicial, and legislative branches of the Federal Government and in the District of Columbia government, prior to becoming a participant; and

"(2) active and honorable military or naval service in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States."

"(b) A person may obtain prior civilian service credit in accordance with the provisions of paragraph (a)(1) of this section by making a special contribution to the Fund equal to 5 per centum of his basic annual salary for each year of service for which credit is sought subsequent to July 1, 1924, and prior to the effective date of the Foreign Service Act Amendments of 1960, and at 6½ per centum thereafter with interest compounded annually at 4 per centum per annum to the date of payment. Any such person may, under such conditions as may be determined in each instance by the Secretary, pay such special contributions in installments."

"(c)(1) If an officer or employee under some other Government retirement system, becomes a participant in the System by direct transfer, such officer or employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the Fund effective as of the date such officer or employee becomes a participant in the System. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the System."

"(2) No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c)(1) of this section, shall be required to make contributions in addition to those transferred, for periods of service for which full contributions were made to the other Government retirement fund, nor shall any refund be made to any such officer or employee on account of contributions made during any period to the other Government retirement fund, at a higher rate than that fixed by section 811 of this Act for contributions to the Fund."

"(3) No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c)(1) of this section, shall receive credit for periods of service subsequent to July 1, 1924, for which a refund of contributions has been made, or for which no

contributions were made to the other Government retirement fund. A participant may, however, obtain credit for such prior service by making a special contribution to the Fund in accordance with the provisions of paragraph (b) of this section."

(b) Section 852 of such Act is further amended by adding at the end thereof new paragraphs (d) and (e) which shall read as follows:

"(d) No participant may obtain prior civilian service credit toward retirement under the System for any period of civilian service on the basis of which he is receiving or will in the future be entitled to receive any annuity under another retirement system covering civilian personnel of the Government.

"(e) A participant may obtain prior military or naval service credit in accordance with the provisions of paragraph (a)(2) of this section by applying for it to the Secretary prior to retirement or separation from the Service. However, in the case of a participant who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of a participant who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in line of duty during a period of war (as that term is used in chapter 11 of title 38, United States Code), or is awarded under chapter 67 of title 10 of the United States Code, the period of such military or naval service shall be included. No contributions to the Fund shall be required in connection with military or naval service credited to a participant in accordance with the provisions of paragraph (a)(2) of this section."

SEC. 41. Such Act is amended by adding after section 854 a new section as follows:

"RECOMPUTATION OF ANNUITIES OF CERTAIN FORMER PARTICIPANTS

"SEC. 855. The annuity of each former participant under the System, who retired prior to July 28, 1956, and who at the time of his retirement had creditable service in excess of thirty years, shall be recomputed on the basis of actual years of creditable service not in excess of thirty-five years. Service which was not creditable under the System on the date a former participant retired, shall not be included as creditable service for the purpose of this recomputation. The annuities payable to such persons shall, when recomputed, be paid at the rates so determined, but no such recomputation or any other action taken pursuant to this section shall operate to reduce the rate of the annuity any such person is entitled to receive under the System."

SEC. 42. The heading "PART II--OFFICERS REINSTATED IN THE SERVICE" under title VIII of such Act is amended to read as follows: "PART II--ASSISTANTS RECALLED, REINSTATED OR REAPPOINTED IN THE SERVICE OR REEMPLOYED IN THE GOVERNMENT".

SEC. 43. Section 871 of such Act is amended and a heading is added thereto as follows:

"RECALL

"SEC. 871. Any annuitant recalled to duty in the Service in accordance with the provisions of section 520(b) or reinstated or reappointed in accordance with the provisions of section 831(b) shall, while so serving,

APPENDIXES

APPENDIX I

FEBRUARY 26, 1959.

Hon. LOY W. HENDERSON,
*Under Secretary of State,
Department of State, Washington, D.C.*

DEAR MR. SECRETARY: It has been some time since I have seen a statement of the Department of State policy on assignments of personnel. Among the matters in which I am interested are the questions of length of assignments, specialization versus variety of experience, and career and language training. During a trip abroad last fall I was impressed with the wisdom, and apparent acceptability to Foreign Service officers, of what was described to me as a new policy of encouraging 4-year assignments in places like New Delhi. I wonder why even longer tours of duty, broken up by periods of home leave, in places where health considerations permit, would not be sound policy for officers who have had one or two shorter orientation assignments.

I would appreciate having a statement of your current policy on these subjects as well as a description of assignments, including training, in what you regard as typical careers which incoming Foreign Service officers might expect to follow.

Sincerely yours,

J. W. FULBRIGHT, *Chairman.*

DEPUTY UNDER SECRETARY OF STATE FOR ADMINISTRATION,
Washington, March 13, 1959.

Hon. J. W. FULBRIGHT,
*Chairman, Committee on Foreign Relations,
U.S. Senate.*

DEAR SENATOR FULBRIGHT: As a part of the answer to your letter of February 26, 1959, I am enclosing two mimeographed statements, "How a Foreign Service Officer is Assigned" and "Career Development and Counseling for Foreign Service Officers" and a graphic "Sample Career of a Foreign Service Officer." Though prepared for internal use by our personnel officers, Foreign Service inspectors, and career development staff, they set forth in more detail than seems desirable in a letter some of the basic information in which you are interested.

The Department has been concerned for some years with the lack of planned career development as a factor in the assignment of our Foreign Service officers and the Secretary's Public Committee on Personnel, recognizing this lack, recommended that there should be a career management program. As a result, a career development and counseling staff, with a career minister as Director, was established in the Office of Personnel. In addition to the Director, the staff includes a Deputy Director and several senior Foreign Service officers who have the responsibility of preparing a detailed officer development and utilization plan for each officer in the Service and of interviewing each officer as he is available in Washington for consultation. The plan for each officer is projected on a 6-year basis, subject to revision as particular needs in the Service arise and as the officer is interviewed and counseled by a member of the staff.

The officer development and utilization plan for each individual is the basic document used by the personnel officers in determining a Foreign Service officer's assignment, both in geographic location and in function. Any variance from the plan must be supported and justified.

While the development of an officer's career and abilities are given careful attention, the requirements of the Service are naturally the controlling factor in making assignments. For example, an officer is selected for training in one of the more difficult languages only if, at the end of his training, an appropriate position will be vacated in a country where he can be placed to make immediate use of his language training. The extent to which the Service is utilizing the training of its

officers in the more difficult languages is demonstrated by a recent study which shows that these officers have subsequently spent 86 percent of their time in posts where their language training was fully or partially utilized.

I am interested in your comment about the favorable reaction to the Department's policy of longer tours of duty in posts such as New Delhi. The rationale of our having established this policy of longer tours for senior and midcareer officers, as you have surmised, is to utilize as fully as possible the period during which the officer is in a position to make the greatest contribution because of his knowledge of the language, of the country, and because of the personal associations which he has formed and finds increasingly easy to form with protracted residence. We believe that officers should not remain at a post so long that it ceases to challenge their best efforts or that they might tend to become too deeply engrossed in a single country and lose perspective. Accordingly, unless there are overriding health reasons, officers of class 6, and above, usually spend from 3 to 4 years in hardship posts. In nonhardship posts, midcareer and senior officers are normally expected to serve a minimum of 4 years, with longer tours authorized if the interests of the Service and the career development needs of the officer are served thereby.

There have of course been some difficulties in the transition to longer tours of duty, with some of the complexities arising from implementation of the Wriston program which required accelerated movement of integrated civil service personnel to the field and field officers to replace them. Another handicap to the practice of uniform policy of longer assignments stems from the absence of any sort or a reservoir of experienced officers who are readily available to fill unexpected vacancies or emergency needs. Thus the death of a key officer frequently sets in motion a chain of transfers which is unavoidable because of the small number of officers in proportion to the established positions and the resulting lack of flexibility in meeting our staffing requirements.

To give junior officers a variety of experience during their formative years in the Service, those of classes 7 and 8 are usually transferred at the end of 2 years to a post in a different geographic area and to a different type of work. Our plan for an officer entering the Service as a probationer is a period of varied training assignments during his first 3 or 4 years to determine his potentials. Following subsequent specialized work, he may expect a second broad view of the Service through assignment to the midcareer training course at the Foreign Service Institute, or through assignment to a different type of work at another foreign post, or in the Department. Those officers who have demonstrated superior ability may then expect to be assigned to responsible policy and program positions abroad and in Washington.

Those mature officers who entered the Service through the lateral entry program at classes 1, 2, and 3 have, generally speaking, specialized as economists, political officers, or administrative officers. Their best utilization as Foreign Service officers is, with certain exceptions, in the specialized field in which they have already demonstrated their competence until they are ready to assume executive responsibilities.

That the training of officers is a part of their career development has long been recognized by the Department, but it is only in recent years that funds have been made available to accomplish this training and at the same time to meet the personnel demands of the Service.

All Foreign Service officers appointed at class 8 receive the 3-month basic officer training course at the Foreign Service Institute. Those who lack a useful speaking and reading knowledge of one of the so-called world languages (French, German, Spanish, Italian, Portuguese) are required to complete 16 weeks of intensive training at the Institute in one of these languages before they are sent abroad. Further, no officer can be promoted from class 8 until he has passed tests to demonstrate that he possesses a useful knowledge of one of these languages.

Under our policy of requiring all Foreign Service officers to have a useful command of at least one world language, intensive full-time world language training has been provided to more than 1,150 officers. Additionally, 1,873 officers are at the present time receiving part-time language training here in Washington and at the 158 field posts. I am attaching a data sheet covering training enrollment as of December 13, 1958.

The Foreign Service has two programs for training officers in the more difficult languages. The Foreign Service Institute has schools in Taichung, Tokyo, and Beirut for training officers in Chinese, Japanese, and Arabic respectively. This involves training not only in the language but also in the history, customs, and culture of the area. Some 30 officers are assigned to these courses for about 2

years. Russian language and area training is given to selected officers through the facilities of the Army Language School in Oberammergau.

For such languages as Burmese, Thai, Indonesian, Hindi, Urdu, Turkish, Serbo-Croatian, and Finnish, the establishment of special schools is not financially practical. Approximately 40 officers selected each year for training in these languages spend 9 or 10 months studying the language at the Foreign Service Institute in Washington. About half of these spend an additional 10 months in an American university highly regarded for its specialized courses, both in language and area studies, pertinent to the particular country.

In addition to this specialized language and area training, the Department offers another specialized course in advanced training in economics and labor matters to a selected group of 25 midcareer officers each year. These officers, selected usually from those who have had basic economic training during their undergraduate years in college and who have done economic or labor reporting as Foreign Service officers, are assigned for a school year of training in these subjects at an American university.

The broad career training of Foreign Service officers is continued through the midcareer training course and the senior officer training course at the Foreign Service Institute and by assignments to one of the several war colleges.

Each year, 80 midcareer officers, usually of class 4, 5, or 6, are selected for advanced training at the Institute in current political, economic, and domestic developments which significantly influence foreign policy. These courses last 12 weeks and are conducted on a lecture seminar, and conference basis. The exchange of information among officers with varied experience in different areas of the world, along with the lectures, contributes to the general development of these officers for wider usefulness in the Service.

Senior officer training is given each year to a few of the outstanding officers of classes 1, 2, and 3. Twenty-nine officers are assigned for an academic year to the several war colleges where, in association with the senior military officers selected to attend these colleges, they study the politico-military aspects of our national and international problems. Ten senior officers are selected for assignment to the 9-month senior officer training course conducted by the Foreign Service Institute. In this course, the emphasis is on the political and economic aspects of the policies of the United States.

I hope that this rather broad outline of the Department's assignment, career development, and training program will be helpful to you. I shall be glad to give you more detailed information on any aspect of the program that you might find useful or talk with you personally about this very important part of Foreign Service operations.

Sincerely yours,

LOY W. HENDERSON.

HOW A FOREIGN SERVICE OFFICER IS ASSIGNED

Basic placement devices are a list of officers available for reassignment and a list of vacant positions

At least 9 months before a Foreign Service officer attains eligibility for home leave, if in the field, or reaches the end of a tour, if in the Department, his name is placed on a list of officers considered available for assignment. Also on the list are the names of FSO's completing full-time training assignments or special details, vacating abolished positions, etc. This list of available officers, arranged alphabetically by class, shows the name, post, position title, and the arrival and availability dates of each officer; it includes all available officers from FSO-CM through FSO-8 and all available staff officers in FSO positions. A corresponding list is drawn up of all regular Foreign Service positions occupied by these officers plus already existing vacancies. This list of vacancies is arranged by grade and within each grade by geographic region; the list shows the post, position title, the present or more recent incumbent, and the vacancy date. New lists are prepared about every 3 months.

Assignments are made from these lists by a panel of Foreign Service officers

Working from these lists, a panel of Foreign Service officers decides which officers are to be returned to their present posts after home leave and provisionally assigns to other posts those officers who are not to be returned. The panel, which meets in at least 2 half-day sessions each week, consists of the chiefs of the six placement branches in the Personnel Operations Division; that is, the "personnel officers" for Latin America, Europe, the Far East, the Near East, and Africa, the Department (Foreign Service positions only), and the Training

Branch. The Chief or Assistant Chief of the Personnel Operations Division acts as panel chairman. He is responsible for Foreign Service personnel operations on a worldwide rather than a regional basis and, if general agreement on an assignment cannot be reached among the panel members, he decides what action is to be taken.

In some cases, a position is found for the officer while in others an officer is sought for the position

Several methods, all of which are variations of two basic ones, are used in assigning available officers to anticipated or actual vacancies. One method is for the members of the panel, in a regular session, to go down the list of available officers, name by name, and tentatively to assign each officer in turn to the most appropriate listed vacancy, subject to a review of the officer's file. The other method is for a panel member, after reviewing the files of a number of available officers, to propose in a panel session the assignment of one of the officers to a position at a post in the region for which the panel member is responsible. Regardless of the method used action is taken on the officer because his name appears on the list. His name is on the list because a systematic listing procedure, which is applied in the same way to all officers, has been followed.

Careful consideration is given in each placement to the tour-of-duty policy, career development, personal preferences, and the post's recommendations

Foreign Service officers who have given credence to the popular misconceptions regarding the assignment procedure, would probably be pleasantly surprised to witness the careful attentions given each available officer. The first consideration is the tour-of-duty policy. In most cases, this means an officer in class 6 or above who has served only 2 years at his present post will be returned to the post following home leave, unless hardship or other special conditions at the post make his return inadvisable. More junior officers are usually transferred after 2 years. When an officer is to be reassigned to another post, the placement panel regularly makes use in its discussion of the officer development and utilization plan prepared by the career development and counseling staff, as well as the post's recommendations on the officer, the latter now submitted at regular intervals in response to instructions contained in the Foreign Service Manual. The development and utilization plan summarizes an officer's entire personnel file—including his family and health status, education, pre-Foreign Service experience, supervisors' and inspectors' efficiency reports, his present skills and language competence, and his functional and post preferences—and presents the functional, area and training recommendations of the career development and counseling staff. Every effort is made to fulfill these recommendations and preferences. Although the panel member responsible for the region in which the officer is presently assigned usually takes the initiative in describing his background and record and the recommendations on him, other members participate in the full and frank discussion which follows. This is entirely informal, and only the final action is recorded.

Special training programs and the need to staff FSO positions in the Department determine many assignments

Two considerations of great significance in current placement are the large number of Foreign Service positions in Washington and the augmented training program. Since nearly 40 percent of all FSO positions are now in Washington, it is obvious that tours of duty in the Department must become more frequent. Several hundred FSO's are assigned each year to full-time training ranging from several weeks to 2 years, usually by application, but often without, to develop the skills needed by the Service.

Two factors which most commonly limit ideal placement are timing and the lack of suitable vacancies

Frequently, particularly in the more specialized functions and in positions at higher grades, there just is not an "ideal," properly timed vacancy to which an available officer can be assigned. Conversely, when a key position becomes vacant, it may require the direct transfer of an officer without regard to tour of duty or home leave eligibility. Perhaps 10 percent of all assignments involve direct transfers of officers not listed as available with the placement panel, and another 5 percent involve direct transfers of listed officers. In many cases a most desirable position from the officer's point of view has to be filled before he becomes available or will not become vacant until after he must be reassigned. Occasionally, subject to post needs and budgetary restrictions, the disadvantage of improper timing can be overcome by a direct transfer or the timing can be adjusted

somewhat by detail to an appropriate training course or by deferring the travel of the incumbent or assignee. The effect of such action on the travel plans of many other officers is apparent. All assignments are indirectly related and often as many as six or seven are rather directly related.

The recommendation of the placement panel is reviewed by the Appointments and Assignments Board and referred to the Deputy Director of Personnel for approval

Within a few days after the placement panel has provisionally assigned an officer, the placement branch responsible for the post to which the officer is to be assigned prepares a formal request for personnel action and sends it through certain other divisions of the Office of Personnel to the Appointments and Assignments Board (AAB). The decision of the placement panel is only a recommendation until it has been approved at one of the weekly meetings of the AAB and by the Deputy Director of Personnel. Representatives of the bureaus of the Department of State and of the Departments of Commerce and Labor sit on the AAB. Here officers from the executive directors' offices of the bureaus have an opportunity to register any objections to the proposed assignments, but the final decision is reserved to the chairman who, again, is the Chief or Assistant Chief of the Personnel Operations Division. Fortunately, it is rarely necessary for the Chairman to override an objection, since the assignment is discussed informally with the appropriate bureau before action by the AAB and in some cases, before action by the placement panel.

After approval has been obtained, travel orders are issued

Following approval by the AAB and by the Deputy Director of PER, the assignment is certified for availability of funds. Travel messages are then sent and the officer and the losing and gaining posts are officially informed. Until official notification of an assignment is sent, it cannot be considered to have the approval of the Department.

Other interested offices participate in the assignment process by making suggestions and recommendations to PER

All during the assignment process, which often continues for weeks or even months, each member of the panel and the officers in his branch maintain contact with the office of the executive director of the corresponding geographic bureau and, as appropriate, with other agencies like the Departments of Labor and Commerce. General and specific recommendations and comments on assignments are received from these sources as well as directly from posts abroad. While the Personnel Operations Division makes most assignments on its own initiative, it is always prepared to give careful consideration to the views of other interested offices. Similarly, the Office of Personnel is willing to consider a valid objection registered by the officer being assigned. Such an objection must, of course, be well founded; unless it involves the presentation of information not included in the Department's records, PER usually proceeds with the assignment. Objections are most effectively registered if they are submitted directly to the Office of Personnel, preferably to the chief of the placement branch responsible for the region to which the officer is in process of being assigned.

CAREER DEVELOPMENT AND COUNSELING FOR FOREIGN SERVICE OFFICERS

A major recommendation of the Secretary's Public Committee on Personnel in 1954 was that there should be a career management program for the Foreign Service Officer Corps. The Secretary of State directed that such a program be established. There followed a period of research on principles and methods, including studies of personnel development programs in large companies and Government agencies; in September 1956 the program began with the setting up of the career development and counseling staff as an advisory arm of the Deputy Assistant Secretary for Personnel. The general objective of this program was to meet present and future staffing needs of the Foreign Service through evaluation, counseling, and advance planning of assignments, training and utilization of Foreign Service officers.

On a continuing basis the career development and counseling staff is engaged in: evaluating skills, abilities, personal qualities, and potential development of individual officers; measuring periodically the needs of the Service in terms of types and levels of work performed; preparing career plans for each officer based on his assignment and training possibilities in relation to his own development needs and Service needs; counseling of officers on evaluations, career plans, and self-develop-

ment; making special studies to prepare candidate listings or to utilize information from officer reports for policy or program analysis.

Initial career plans have been completed on all Foreign Service officers below the class of career minister. Assignments of officers to functions, geographic locations and formal training are being made according to recommendations contained in the career plans insofar as practicable at the time the officers are eligible. New evaluations and career plans are prepared as more recent performance reports and officers' preference statements are available. It is planned that reevaluation of functional skills, abilities, and personal qualities as well as potential will be made every 2 to 3 years and career plans will be revised as there are changes in the development needs of the officer and the Service.

Counseling is an important part of the career development program of the Foreign Service and approximately 1,200 officers, at their own request, have already been counseled. Officers are encouraged to seek counseling appointments with the career development and counseling staff on arrival in the Department from overseas posts or before departure for overseas assignments or during the course of an assignment to the Department. They are counseled on the evaluation of their functional skills, abilities, and personal qualities, the career plans prepared for them, and the means by which each officer can improve his performance by his own efforts. The officer's own interests and plans are thoroughly discussed during counseling interviews. In these sessions there is full and frank discussion of where an officer is falling short in his performance, what are his strengths, and what general direction he should follow in his own self-development. Written reports are prepared on counseling interviews for future reference in reevaluation and revision of career plans.

Since the Foreign Service operates, of necessity, as a mobile corps, one officer may be expected to fill many different roles during his career. Therefore the job of assuring full use of knowledge, experience and special talents has become increasingly difficult with the increase of size and complexity of U.S. foreign relationships and activities. For example, knowledge of foreign languages has become much more important in recent years with the rise of nationalism and the general emphasis on intercultural exchange and understanding. In view of this special interest in foreign languages, the career development and counseling staff maintains regularly a language skills inventory, which is brought up to date through annual self-appraisals and periodic (every 2 or 3 years) testing. Moreover, a special study of the language officer requirements of every overseas post has been made and a 5-year training plan developed to overcome deficiencies in the "hard-to-learn" languages.

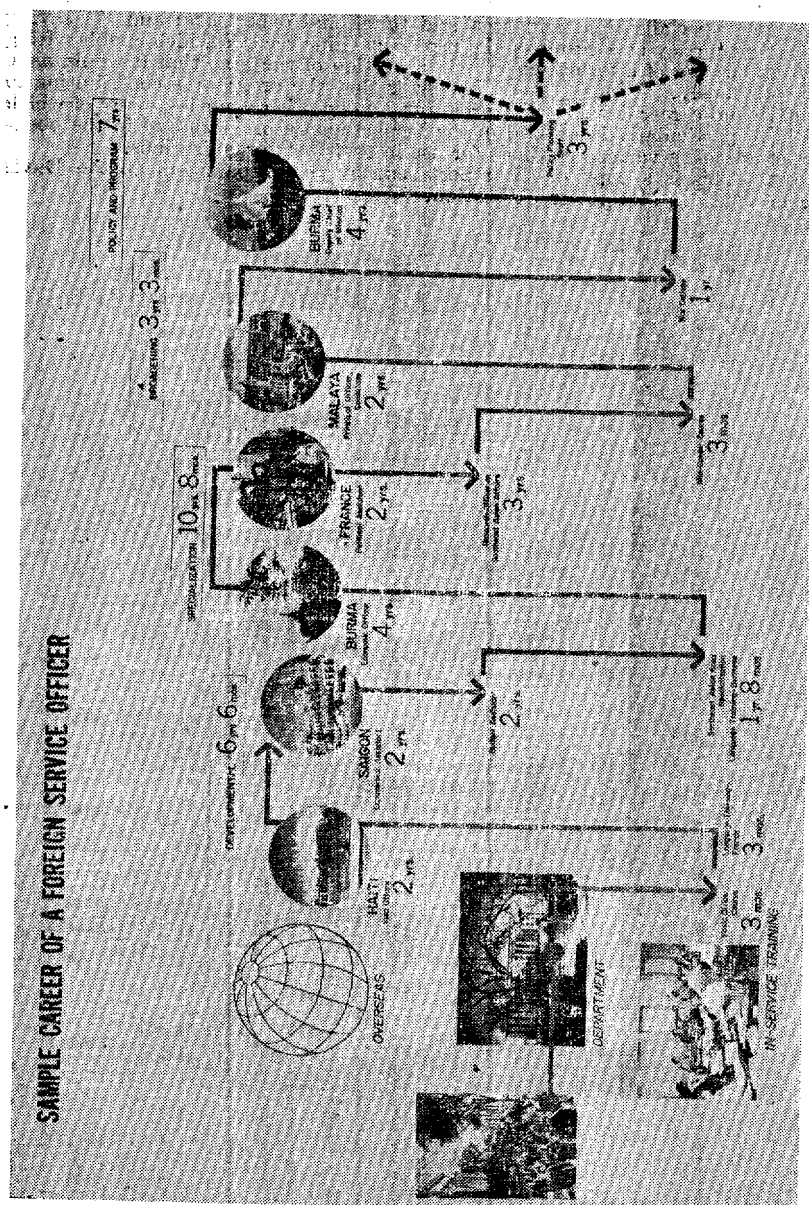
In addition to the preparation of career plans on individual officers and career counseling, the career development staff prepares periodic estimates on needs for officers of varying class levels with the necessary skills to perform the many substantive, consular, and administrative functions required of the Service. This involves an analysis of funded positions in the United States and overseas according to the functional and language skills required, the assignment of Foreign Service officers to other agencies, such as ICA, USIA, Commerce, Labor, War College faculties, the "full staffing factor," requirements for formal training, etc. Records of types and levels of positions, skills and backgrounds of officers are maintained on machine records and correlation summaries are prepared. Recommendations on projected functional development, immediate job assignments, and formal training are also maintained on machine records and by correlation with manpower needs, shortages or surpluses can be identified and studied with a view to revising career plans of officers to adjust to the needs of the Service.

The value of having ready access to information about personnel and positions may be illustrated by the Hungarian refugee crises more than a year ago. At this time, thousands of refugees were streaming into Austria. There were no American representatives there at the time who could speak Hungarian. In a matter of hours, the complete list of all officers with proficiency in Hungarian had been compiled and a short time later several of these officers received orders to report immediately to Vienna, Austria to interview refugees and assist in the emergency relocation and welfare work required. Many other special searches to meet immediate needs for qualifications or combinations of skills have been made through use of the informational resources which have grown out of the work of the career development and counseling staff.

The primary benefits of the new program are: (1) provision of evaluated information to aid personnel policy making and assignment decisions; (2) establishment of new methods to cope with problems of size and complexity; (3) use for summarizing readily the current overall picture as to quality, availability,

and utilization of officer skills; (4) stimulating each officer to make the best use of his own background and talents for the benefit of the Foreign Service; (5) analyzing utilization of in-Service training, particularly full-time area/language training and economic training, to assure full return on the financial investment involved; (6) achieving reasonable balance in rotation and continuity, generalization and specialization, and area and functional experience; and (7) saving in time and money as a result of the use of machine records which enable sifting and summarizing of information in only a portion of the time that it would have taken previously. A more general benefit is that the program is contributing to executive and career development programs among other agencies, many of which have been particularly interested in the Department's program and in the possibility of adapting various methods for use in their own organizations.

NOTE.—This is a copy of the report sent by the Department to the Davis Subcommittee on Manpower Utilization.



FOREIGN SERVICE ACT AMENDMENTS

197

FSI BASIC DATA AS OF DEC. 31, 1958

Enrollment data for School of Foreign Affairs and Senior Officer Course

	Fiscal year 1959, first half	Fiscal year 1958, total	Total since June 1955
I. Full-time career training:			
1. Basic officer course.....	77	159	802
2. Midcareer course.....	47	77	220
3. Senior officer course.....	19		
4. War colleges.....	28	30	88
5. Economic interns in "E".....	6	4	6
6. Training at 17 universities.....	52	77	203
Total.....	229	347	1,319
II. Full time functional training:			
1. Administrative operations.....	14	31	86
2. Disbursing, budget, and fiscal.....	13	39	93
Total.....	27	70	179
III. Seminar programs:			
Executive management seminars.....	87	8	41
Regional seminars.....		21	90
Current affairs seminars (labor, Communist strategy, NATO, etc.).....	60	178	2,751
IV. Orientation programs:			
Foreign Service and departmental.....	649	2,052	5,523
Other agencies.....	580	76	373
Wives.....	67	464	1,419

38 Foreign Service officers.
11 Foreign Service officers.

Enrollment data for School of Languages

Languages and dialects currently being taught at FSI.....	21
Additional at universities, field schools, and posts.....	21
Total.....	42

First half fiscal year 1959 enrollment, full time

	State	Other agencies	Total
FSI, Washington.....	149	160	309
France (Nice).....	20		20
Frankfurt.....	20	5	25
Mexico City.....	13	1	14
Beirut.....	8		8
Taichung.....	11	9	20
Tokyo.....	9	9	18
Others.....	5		6
Total.....	235	184	419

Current enrollment, part time

	State	Other agencies	Total
FSI, Washington.....	198	105	303
158 posts.....	1,675	1,106	2,781
Total.....	1,873	1,211	3,084

Testing unit results since July 1, 1958

Number of languages tested..... 26
 Number of tests given..... 915
 Number of Foreign Service officers tested..... 1 595
 1 17 percent of total Officer Corps.

Proficiency	FSO's tested	Percentage
S-3 R-3 or better.....	314	52.8
S-3 or better.....	18	3.0
R-3 or better.....	72	12.1
Below S-3 R-3.....	404	1 67.9
Total.....	191	1 32.1
	595	100.0

1 Of those tested.

FSI budget data

	Amount	Increase over previous years
Fiscal year 1958.....	\$4,550,979	\$1,159,650
Fiscal year 1959.....	4,845,000	1,294,021
Fiscal year 1960 (requested).....	5,206,000	361,000
Fiscal year 1959 approximate administrative and teaching costs.....		1,600,000
Fiscal year 1959 approximate student salaries and trainee expenses.....		3,400,000

MAY 18, 1959.

Memorandum for: Senator Mansfield, chairman, Subcommittee on State Department Organization and Public Affairs.

From: Winthrop M. Southworth, Jr., Chief, Personnel Projects Staff, Department of State.

Subject: Salaries and other compensation for Foreign Service officers.

TAB A

ALLOWANCES

(Public Law 724, 79th Cong., Foreign Service Act of 1946, as amended, title IX, pt. A)

Attachment 1, "Basis for compensation of military and civilian employees (foreign areas)" was made originally for the DuFlon Study Group. Later a more detailed comparison, Attachment 2, "Comparison of averages—Officers of the armed services with Foreign Service officers," was developed to show the compensation status of the military and civilian officer when stationed in the United States.

The military salaries used assume average longevity pay for the three categories shown of 29, 21, and 5 years of service, respectively; civilian salaries are the base of the grade. It would be a more precise comparison, perhaps, if we had available the average salaries of Foreign Service officers rather than the base of the grade. It is not possible to show "base" salaries for military personnel since their number of years of service dictates their salary level even though they may just have been promoted.

The allowance figures shown assume an officer with dependents. The tax figures are the amounts in the regular tax tables for a person with wife and two children.

The comparison can be extended still further by developing average figures for station housing allowances overseas. As you will see, the net pay when in the United States favors the uniformed military officer, but when you add in average quarters allowances in foreign areas, the two groups would more nearly balance. This is so because the career minister and FSO-2 are in the quarters group with average payments of \$2,750 per annum while the FSC-8 averages \$1,250. The station housing allowances for military personnel are much smaller than these payments.

In summary, it appears that compensationwise the two career services are reasonably comparable. This does not, however, apply to the military attachés whose attaché maintenance allowance places them a cut or two above both groups.

Basis for compensation of military and civilian employees (foreign areas)

Military (uniformed)		Civilian (including Defense Department)	
Type of benefit	Remarks	Type of benefit	Remarks
Salary ¹ -----	Major General-----\$16,200 Colonel-----10,320 2d lieutenant-----3,768 When Government quarters are not provided and expense for temporary quarters is incurred an overseas station per diem allowance is paid for the 1st 60 days and the last 10 days at a post. The actual amount payable is 50 percent to 150 percent (depending on number of dependents) of the travel per diem rate or the total of the station per diem allowances for quarters and subsistence, whichever is larger.	Salary-----	Career minister-----\$19,260 FSO-2-----14,860 FSO-3-----4,730 Authorized only for agencies operating under the Foreign Service Act, State, ICA, USA, and Foreign Agricultural Service; covers hotel room expenses only, limited to the 1st 3 months after arrival at post or until occupancy of residence quarters, whichever is earlier. (Also payable for 15 to 30 days on transfer to United States between foreign assignments.) (Proposed for extension to all agencies.) Payable up to 25 percent of salary to compensate for undesirable conditions of environment. About 1/4 of all posts (all agencies) qualify, although very few for 25 percent.
Temporary lodging allowance-----		Temporary lodging allowance-----	
Basic quarters allowance (BAQ)-----	Ranges from \$51.30 per month to \$171, varying by rank and dependents. Not paid when Government quarters furnished (also payable in United States). Supplements basic quarters allowance to provide quarters costs in excess of U.S. costs where Government quarters are not available overseas. Amounts granted vary by rank. For example: Persons with dependents stationed in-- London: Enlisted: \$1.45 to \$1.90. Officers: \$2.25 to \$3.85. Manila: Enlisted: \$0.65. Officers: \$1.65 to \$2.40. London: \$1.45 to \$3.45 per year. Manila: \$1.162 to \$2,928 per year.	Hardship post differential-----	
Station housing allowance-----		Quarters allowance-----	When Government quarters are not available at foreign posts, agencies are authorized to grant allowances in lieu of quarters to cover the costs of rent, heat, fuel, gas, electricity, and water. Amounts granted vary by rank. This allowance provides essentially what the BAQ and the station housing allowance together provides. For example: Persons with dependents stationed in-- London: \$1,500 to \$3,200 maximum per year. Manila: \$2,200 to \$3,400 maximum per year. (Not payable in United States.)
Total BAQ and station housing allowance-----			
Basic subsistence allowance (BAS)-----	Ranges from \$48 per month for all officers to \$102.60 per month for certain enlisted men. Not paid when free Government messing furnished. (Also payable in United States). Paid at daily rates based on living costs in excess of U.S. costs where Government messing not available. For example: Persons with 1 dependent stationed in-- London: Enlisted: \$0.85 to \$1.45 per day. Officers: \$1.05 to \$2.30 per day. Manila: Enlisted: \$2.40 to \$4.15 per day. Officers: \$2.95 to \$7.15 per day.		
Station cost-of-living allowance-----		Post allowance-----	Payable to offset the difference between the cost of living at a foreign post and Washington, D.C. About 20 percent of all posts (all agencies) qualify, and amounts paid vary by salary. For example: Persons with 1 dependent in--

<p>Above rates in annual amounts: London: \$310 to \$912 per year. Manila: \$376 to \$2,610 per year.</p>	<p>Schools are established and operated by the Department of Defense at larger installations for dependents of military and civilian personnel. Payment of tuition or of correspondence courses is provided where Defense Department schools are not available.</p>	<p>London: None. Manila: \$460 to \$1,430 per year. (Not payable in United States.) Education allowances for posts where costs of schooling in grades 1-12 are in excess of costs to parents in United States whose children are in public schools. (Available to civilians of Defense Department but not utilized by Defense Department.) In lieu of allowances for grades 9-12, 1 round trip to and from United States for high school. Also 1 round trip for college. (Available only to agencies operating under Foreign Service Act, State, ICA, USA and Foreign Agricultural Service.) This allowance is available to key officers of the Foreign Service to meet expenses required by protocol and custom in representing the United States. Strict accounting is required for all disbursements. Funds available have rarely covered more than 3/4 of official representation expenditures.</p>	<p>Educational assistance</p>	<p>Representation allowance</p>	<p>Transfer allowance</p>	<p>Separate maintenance</p>	<p>Official residence allotment</p>	<p>ORA funds are amounts made available to the principal officer at each Foreign Service post to help defray the unusual housekeeping expenses that are attributable to his position as the principal representative of the United States. Approximately 20 deputy chiefs of mission at the larger posts also receive an official residence allotment. The principal officers representing ICA and USIA may also receive this allotment.</p>
<p>The purpose of this allowance is to reimburse individual attachés for certain unusual and extraordinary expenses made necessary by representational responsibilities. The total amount of the allowance is within the framework of specific appropriations. The allowance is also available for cost of rent and utilities to extent that these items exceed officer's normal rental allowance. An amount equal to the applicable monthly rate of basic quarters allowance payable to members with dependents upon each permanent change of station, except when the change is between stations located within the corporate limits of the same city. Amounts range from \$51.30 to \$171. (Also payable in U.S.) Military personnel already overseas who are required to be separated from their family are entitled, in a limited number of cases, to cost of living allowances authorized for the overseas area where dependents are in residence. No payment may be made when the family is not permitted to travel from the United States.</p>	<p>Attache maintenance allowance.</p>	<p>Dislocation allowance</p>	<p>Duty in restricted areas</p>	<p>Clothing allowance</p>	<p>Foreign duty pay</p>	<p>Enlisted only: \$4.20 per month to \$6, varying by length of service. Enlisted only when outside continental United States or in Alaska extra pay ranging from \$8 per month for private to \$22.50 per month for master sergeant.</p>		

be added the basic subsistence allowance for all ranks at \$576 per annum. The basic quarters allowance (BQA) and station housing and subsistence allowances are discussed below. Any complete comparison between the two services must also take into consideration tax and retirement advantages enjoyed by the military services.

Comparison of averages—Officers of the armed services with Foreign Service officers

	Base salary	Subsistence	BAQ	Total	Tax	Retirement deduction	Net pay when in United States
Major General.....	16,200	576	2,052	18,828	2,435		16,393
Career minister.....	19,250			19,250	3,918	1,251	14,081
Colonel.....	10,320	576	1,642	12,538	1,344		11,194
FSO-2.....	13,860			13,860	2,013	901	10,946
2d Lieutenant.....	3,768	576	1,030	5,374	203		5,171
FSO-8.....	4,730			4,730	372	307	4,051

TAB B

COMMISSARY SERVICES

(Public Law 724, 79th Cong., Foreign Service Act of 1946, as amended, sec. 921)

COMMISSARY SERVICES

Commissaries are usually established for the convenience of Foreign Service personnel in areas abroad where food and supplies of the quality and kind to satisfy even minimum American standards are excessively priced, meager, unsanitary, or in many cases unobtainable locally. The employees furnish the capital and operate these commissaries independently for their mutual interest. Among the 278 Foreign Service posts, there are 48 commissaries in operation. Some of these serve several posts, however, and their size depends upon the number of employees served. Some handle only a few items such as gasoline and cigarettes; others operate on a grocery store scale. The Department of State does not participate in the management of these commissaries although it may provide assistance in such forms as space, utilities, and other similar services.

Commissary facilities are taken into consideration when determining whether a "post allowance" (cost of living) allowance is provided Foreign Service officers.

RECIPROCITY

In those locations when the military services have commissary facilities, members of the Foreign Service use them if permitted. These facilities are taken into consideration when determining whether a "post allowance" (cost of living) allowance is provided Foreign Service officers.

TAB C

Main features of the Foreign Service retirement and disability system

[Public Law 724, 79th Cong., Foreign Service Act of 1946, as amended, title VIII]

- (1) Employee contributions..... 5 percent.
- (2) Service credit..... Civilian employment in U.S. Government including service in FSS and FSR Corps, honorable military service, and time-and-a-half credit service at unhealthful posts provided no salary differential is received for such service.
- (3) Salary base in computing annuity..... Average for highest 5 consecutive years for which full contributions have been paid in full.
- (4) Percentage factor in annuity.. 2 percent of average salary multiplied by years of service not in excess of 35 years. Service in excess of 35 years is disregarded in the computation of the annuity.
- (5) Maximum annuity..... 70 percent of 5-year average.
- (6) Compulsory retirement age.... Age 60. Exception: age 65 for career ambassadors and career ministers.

Main features of the Foreign Service retirement and disability system—Continued

- (7) Voluntary retirement age----- Age 50, with 20 years of service credit.
Exception: Officers appointed under integration program must serve 5 years overseas after date of FSO appointment.
- (8) Voluntary separation----- Refund of contributions, with interest, unless qualified for voluntary retirement. (See 7 above.)
- (9) Involuntary separation—re-
duction in force.----- Selection out classes 1, 2, or 3: Retirement on annuity computed according to formula given above.
Classes 4, 5, 6, or 7: One-twelfth of a year's salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of 1 year's salary at current salary rate, payable without interest, in 3 equal installments on the 1st day of January following retirement and on the 2 anniversaries of this date immediately following, plus refund of contributions, or deferred annuity at age 62.
Class 8: Refund of contributions, with interest.
Separation for unsatisfactory performance of duty: Over age 45, retired on an annuity not exceeding 25 percent of per annum salary at the time of separation.
Under age 45: Refund of contributions or 1 year's salary, whichever is greater.
Separation for misconduct or malfeasance: Refund of contributions, with interest.
- (10) Membership eligibility----- All FSO's, plus non-FSO's who have served as chiefs of mission for an aggregate period of 20 years or more. The latter required to make application and deposit required contributions.
- (11) Voluntary----- Up to 10 percent of salary in multiples of 1 percent. 3 percent interest compounded annually.
- (12) Survivorship----- Reduced joint and survivorship annuity: Provides continuing annuity to widow, cannot exceed 25 percent of average basic salary or 66% percent of officer's reduced annuity.
- (13) Military service----- Full credit given for honorable service in U.S. Armed Forces.
- (14) Death benefit----- Less than 5-year civilian service credit: Refund of contributions to legal representative.
5-year civilian service credit: Widow to whom married at least 3 years, or the mother of a child by such marriage entitled to reduced joint and survivorship annuity. If officer's service is less than 20 years, annuity computed as though 20 years. No additional benefits for dependent children. (See 12 for limitation on widow's annuity.)
- (15) Disability----- 5-year civilian service credit: Full annuity, computed in accordance with formula given above. (See 4.) 5 to 20 years of service counted as 20 years. If over 20 years service, computed on actual years not in excess of 35.

204

FOREIGN SERVICE ACT AMENDMENTS

Per annum annuities received under the Foreign Service retirement and disability system

[Public Law 724, 79th Cong., Foreign Service Act of 1946, as amended, title VIII]

Years of service	CA	CM	FSO-1 ¹	FSO-2 ¹	FSO-3 ¹
35.....	\$14,000	\$13,475	\$11,858	\$10,164	\$8,624
30.....	12,000	10,550	10,164	8,712	7,392
25.....	10,000	9,625	8,470	7,260	6,160
20.....	8,000	7,700	6,776	5,808	4,928

¹ High 5 average salary 3d step of class.

TAB D

MEDICAL SERVICES

(Public Law 724, 79th Cong., Foreign Service Act of 1946, as amended, pt. E)

HEALTH AND MEDICAL SERVICES

The Department of State provides health units at 30 of its 278 posts abroad. These health units have been opened at posts which are large enough or have sufficiently serious medical problems to justify the assignment of a professional medical staff. Fifteen such units are under the supervision of doctors and the others are under the supervision of nurses. The principal services provided at health units are periodic physical examinations; preventive health activities; first aid for on-the-job injuries; referral of patients to local physicians; administration of inoculations; and assistance in emergency situations.

At posts where a health unit is not provided, arrangements are made with contract doctors to provide for immunization services and to conduct physical examinations. Each post has a medical cabinet stocked with medicines and supplies which can be used without specific medical advice in the treatment of minor conditions. Special drugs are maintained to assure availability where the local supply is inadequate, excessively priced, or not available. These drugs may be released by an authorized official only upon the advice of a competent doctor, and when new supplies are requested, the disposition of the previous supply must be described.

MAJOR MEDICAL COVERAGE

1. Officers and employees

Physical examinations on each return to the United States on official orders; at the end of each 2-year period or when the principal or administrative officer may order special examinations whenever in his judgment the question of transfer, continuation of assignment, or eligibility for retirement is issued by reason of poor health.

Immunizations when required or recommended to protect from contagious disease.

Hospitalization and treatment for illness or injury which has been incurred or materially aggravated in line of duty while assigned abroad. Such hospitalization may either be in the United States or abroad.

Travel expenses to the nearest suitable hospital or clinic for hospitalization and treatment when suitable facilities are not available locally. If required the travel of an attendant or attendants may also be authorized.

Medical supplies including drugs and medicines are furnished each Foreign Service post for the use of employees.

At posts where a doctor or nurse is assigned medical attention is provided.

2. Dependents

Dependents are provided similar medical care as that listed above with the exception that the officer or employee is required to pay the initial \$35 cost of hospitalization with a maximum limitation of 120 days hospitalization for each illness or injury, incurred while assigned overseas or resulting from such assignment. However, if it is determined by the medical director that the illness or injury is clearly caused by the fact that the patient is or has been located abroad, he may extend treatment at Government expense beyond 120 days until maximum benefit of treatment has been obtained.

FOREIGN SERVICE ACT AMENDMENTS

205

TABLE
SALARIES

(Public Law 724, 79th Cong., Foreign Service Act of 1946, as amended, sec. 412)

Foreign Service salary rates

Class of career ambassador.....	\$20,000
Class of career minister.....	19,250
Foreign Service officer:	
Class 1.....	\$16,060-18,700
Class 2.....	13,860-15,840
Class 3.....	11,660-13,640

THE CHESHIRE METHODIST CHURCH,
Cheshire, Conn., June 29, 1959.Senator J. W. FULBRIGHT,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR FULBRIGHT: As secretary of the World Peace Committee of the New York East Conference of the Methodist Church, I am sending the following extract from the report adopted by our conference on May 21, 1959:

"As an aspect of implementing these recommendations, we further urge our Department of State to give more attention to the improvement of recruitment and training of its high level diplomatic personnel, in order that our Nation may be represented abroad by persons who are infused with sympathetic concern for all individuals as well as for their formal assignments. We call this concern to the attention of Chairman Fulbright and the Senate Foreign Relations Committee, both as an expression of our interest and as a commendation for what we understand to be similar motivation on their part."

When the complete report is printed we will send you a copy; in the meantime, we felt you might appreciate this statement of support for what you are trying to accomplish.

Yours truly,

GEORGE G. HILL.

APPENDIX II

1. (A) *What is the reason underlying the earlier age for retirement under the Foreign Service retirement system?*

The chief reason for earlier retirement under the Foreign Service retirement system than under other civilian systems is the same as the reason for the selection-out system, namely to insure a vigorous and effective Foreign Service Officer Corps.

No civilian government service apart from the Foreign Service has the promotion-up or selection-out system which is generally characteristic of the military personnel systems and which the Foreign Service adopted in 1946. Thus the Foreign Service while belonging to the civilian contributory retirement systems is unique among them and at the same time is akin in two important respects (hardship and risks of employment tenure) to the military services though the latter have the privilege of belonging to noncontributory retirement systems.

Voluntary retirement by participants in the Foreign Service retirement system is not possible until they reach 50 years of age with 20 years of service. In the military services it is possible after 20 years of service regardless of age, but the average age at retirement after 20 years of service is in the early forties.

There are good reasons to permit or even encourage officers to retire after the age of 50. If the Foreign Service is to be effective it must be vigorous and relatively youthful. The best Foreign Service officers should be able to look forward to reaching positions of high responsibility by the age of 50. If top positions are held by officers who plan to remain in the service until 65 or 70 opportunities for advancement will be absent and the Service will become static. Moreover the health factor after age 50 of employees and their wives affects their worldwide usefulness so that possible assignments are frequently limited. Many officers retire voluntarily for reasons of health and because service abroad becomes increasingly burdensome as their capacity to bear it diminishes. This, of course, is in the interest of the Service.

(B) What is the evidence, if any, that the Foreign Service life is harder on the health of personnel than service in the United States?

The moderate climate and excellent medical facilities of the United States make living in our own country healthier than living in many areas abroad. It is an accepted medical fact that there are more disease hazards and a greater incidence of sickness abroad than in the United States. This is particularly true of infectious diseases, intestinal diseases, and diseases caused by parasites and fungi.

Americans, because of the advances of sanitation and public health in this country, have failed to develop the natural immunities which foreigners develop to varying degree, if they live. For this reason Americans are more susceptible than local inhabitants to the diseases of an area. Also conditions vary from place to place.

It is not just that health conditions are worse abroad, but the additional fact that an employee and his family must constantly subject themselves to new conditions to which perhaps the local inhabitants have already become inured. Before they become adjusted they face frequent periods of bodily discomfort and ill health. They frequently do not become fully adjusted before they move on to a new set of health conditions, new climate, new bacteria, and even different altitudes.

Altitude, as in Ethiopia, Mexico, or more acutely on the Altiplano of the Andes in South America, poses serious health problems for persons who are overweight or who have weak hearts. Infants are often stillborn or fail to survive in the high altitudes.

A specific example of extreme climatic conditions faced by Foreign Service personnel can be taken from the record of one officer who spent five winters in Moscow, two summers in Baghdad, and three summers in India successively.

The wear and tear of repeated illness saps an individual's strength and resilience and affects his longevity. Moreover, illness which an employee encounters in one place often attaches itself permanently as chronic and sometimes disabling conditions. They contribute to the need for the earlier retirement provisions of the Foreign Service system.

(C) Is not another reason for the earlier retirement provision the extra inducement which earlier retirement may provide for people to join the Foreign Service?

The Foreign Service is proud of the retirement system which has been developed for it during the years by congressional action. The system is suited to the peculiar needs of the Service, and no Foreign Service officer who has begun to grow old in the Service would be able to view with equanimity or confidence a postponement of the age of voluntary retirement. The possibility of voluntary retirement, after 20 years of service and upon attaining 50 years of age, stands as assurance to the great majority who realize during their careers that they will never become ambassadors that there is an honorable exit from the Service and a reasonable measure of financial security.

Such thoughts, though meaningful and important to the Service and to officers in their forties, have little place in the dreams of young people seeking entry into the Foreign Service. They are much more interested in the challenge of international problems, in association with important events and the opportunity to distinguish themselves. In considering conditions of employment they give more thought to salaries, type of work, and to travel opportunities than they do to old-age pensions.

No emphasis whatsoever is placed upon early retirement either in the Department's recruitment literature or in its instructions to recruitment officers. Most of the recruitment literature does not even mention retirement. However, there is a short paragraph on page 22 of a 23-page pamphlet, "Career Opportunities in the Foreign Service," which briefly recounts the principal features of the retirement system, factually and without particular emphasis:

"The Congress has provided for an equitable and generous retirement system for Foreign Service officers. Retirement is compulsory at age 60 for all officers except career ministers and career ambassadors, who retire at the age of 65 unless the Secretary of State extends the period of service due to special circumstances. An officer who has reached the age of 50 with 20 years of service may retire with the approval of the Secretary. Retirement may also occur for disability at an earlier age or after a shorter period of service, with proportional benefits from the retirement fund."

The inclusion of this paragraph does not indicate any reliance upon early retirement as an inducement in recruitment.

(D) *Is this inducement any longer necessary?*

The Department has not placed any emphasis upon early retirement as an inducement for recruitment. It has not been regarded as necessary in the past, and it is not so regarded at the present.

The basic justification for an early retirement provision is not its efficacy as a recruitment device, but its suitability to the needs of the Service. That need remains as cogent in the present as it was in the past.

3. *The Department has stated earlier that it believed that about 180 new FSL-8's should be brought into the Service annually to replace those lost through attrition. The Department has also stated that in fiscal year 1958, 166 officers were brought in and that in fiscal year 1959, 100 officers were brought in as of April. The Department also stated that as of April there were 170 persons on the waiting list who have passed all their examinations. What is the current status of the backlog of persons who have passed their examinations? How many new FSO's does the Department plan to bring into the Service with the funds appropriated for the fiscal year 1960?*

As of July 1, 1959, there were 192 persons on the FSO-8 waiting list who had passed all their examinations. It is the opinion of the Department that all of these officers who are available for appointment will be taken into the Service during fiscal year 1960.

4. *What would be the comment of the Department of State on an additional policy statement for the Foreign Service Act which would read something like the following: "The Foreign Service personnel system shall be administered in such a way as to provide equal opportunity of advancement for specialists and non-specialists. Persons with special qualifications needed for the Service shall be recruited laterally as soon as they are needed rather than waiting to train such persons from the ranks of persons already in the Foreign Service."?*

The suggested policy statement would require considerable interpretation. It reflects a problem which was dealt with both directly and indirectly by the Secretary of State's Public Committee on Personnel in its report of June 1954. That Committee made the following statements:

The quickest and surest way of strengthening the Foreign Service is a direct infusion of needed talents from outside, especially in the middle and upper officer grades, where the shortage of professional specialties is most acute.

After integration has been achieved there will be much less occasion for lateral entry than there will be over the next 2 years. Nevertheless, situations are certain to arise which will make desirable the importation of mature and competent men. The Committee believes, therefore, that the provisions for lateral entry under section 517 of the 1946 act should be retained.

Any meaningful reform of the Department of State's personnel practices must begin with the setting up of a long-range system for personnel planning and career development capable of generating within the service the professional skills it will continue to need in the future.

It should be a major premise of any career development plan that every form of specialization is of value to the Government; that there should be equal opportunities for advancement within all career situations; and that specialists should have confidence that, while their careers will tend to center upon their specialties, they will be given equal opportunity to broaden their experience into other appropriate fields.

The report was adopted by the Secretary of State, and the Department has been faithful in carrying out the precepts laid down in it. The key to equal opportunity for promotion as envisaged by the Wriston Committee is equal opportunity for specialists to broaden their experience.

In view of the Department's adoption of the Wriston Committee's recommendations and in view of the unavoidable requirement for general abilities and breadth of experience in officers who at the highest level direct the entire country programs of the United States abroad, a policy statement such as that suggested by the committee, namely, that there shall be equal opportunity of advancement for specialists and nonspecialists, could not be implemented successfully.

As economist, a political analyst, an agricultural expert, an aviation expert, or an oil expert will be limited in promotion opportunities to the highest class for which positions in his own specialty are available, unless he branches out into broader fields. Only an officer whose experience qualifies him to weigh the needs and utilize the contributions of each component function and specialty is prepared to direct the full program of the United States in any foreign country,

and is thus able to qualify for appointment as a Deputy Chief of Mission or as a Chief of Mission.

The Department makes every effort to equalize promotion opportunities. Foreign Service efficiency reports take particular cognizance of an officer's capacity to assume greater responsibility, but it is entirely up to the officer himself whether he demonstrates or fails to demonstrate the necessary qualifications. This is true equally of the specialist and the nonspecialist, but the latter by definition already has some of the qualifications which are needed for continuing promotions, and the specialist who fails to generalize after reaching a certain level will inevitably be handicapped.

For example, the normal ceiling for the budget and fiscal function is class 3. But the budget and fiscal officer who broadens his function into general administration, through appropriate training, assignment, and performance, has thereby raised his promotion ceiling. There are a considerable number of administrative positions at the FSO-2 level, and some at the FSO-1 level. The administrative officer in turn can broaden his field through a principal officer assignment at a small or medium sized post or through a departmental assignment having broader responsibilities. Similarly an officer whose activity has been limited to political reporting should broaden his experience if he is to qualify for high responsibilities. As a result of such generalization a specialist can qualify for assuming responsibilities at successively higher levels and ultimately qualify to become a Deputy Chief of Mission, or even Chief of Mission. The transitions are not easy, however, and they require considerable aggressiveness, flexibility, and the willingness and ability to learn. These are qualities which, in any event, are essential in officers carrying the highest responsibilities in the Service.

In certain instances persons with special qualifications needed by the Service should be recruited laterally, and they are so recruited. However, more often than not the need is not only for a special skill or knowledge but for a man with a Foreign Service background, versed in the broad objectives of the United States and knowing the general political and economic circumstances of the country of his assignment as well as the purely technical aspects of his job as a specialist. In such cases it must be decided whether it is better to take a specialist from the outside, if one is unavailable from within, and provide him the political, economic, and cultural background needed for the job, or whether it is better to take a Foreign Service officer with the general background and train him in the specialty.

There is a further important consideration. Every career system has the responsibility of providing opportunities for advancement for its personnel. The Department of State embraces four major categories of personnel: Civil service personnel, Foreign Service officers, Foreign Service Reserve officers, and Foreign Service Staff personnel. When a particular skill is wanting in a Foreign Service officer position it is desirable to search first among the personnel of the other three categories before looking outside the organization.

It is the duty of the Career Development and Counseling Staff in the Department to project the needs of the Service and to plan the careers of officers to meet those needs in such a way that no serious shortages in skills will arise at any time. The Foreign Service is developing specialists for its future needs, and meanwhile, as needs arise which cannot be met from within, personnel are acquired laterally.

It is not believed that the suggested policy statement would be helpful in furthering the long range objective of developing necessary skills within the Service itself.

5. *Why would it not be a good idea to add the Foreign Service Act authority for an appropriation to the Secretary of a contingency fund (similar to that which the President has under the Mutual Security Act) which the Secretary could use to meet unforeseen program or personnel problems arising after the Department receives its regular appropriations?*

Authority for an appropriation to the Secretary of a contingency fund similar to that which the President has under the Mutual Security Act would be useful. Such a contingency fund would give the Secretary flexibility in dealing with unforeseen program problems and circumstances. For example, no provision is made in the Department's 1960 budget for the opening of embassies in Cyprus and Katmandu which are required by international developments. There was no basis at the time the 1960 budget was prepared for including in it a request for funds to open the new embassies. The availability of such a contingency fund would curtail the need for supplemental appropriations.

FOREIGN SERVICE ACT AMENDMENTS

209

Unforeseen personnel problems, such as the evacuation of personnel and dependents from certain Near Eastern posts during the Lebanese crisis, for the most part, can be financed from the funds annually made available for emergencies arising in the diplomatic and consular service.

6. *Mr. Henderson, it appears that we lack information on the numbers of Foreign Service Staff personnel in the various grades as they exist now and we lack information on what effect there will be on the salaries of these staff people when they shift from the present schedule to the proposed new schedule. We would appreciate having such detailed information prepared for the record.*

Conversion tables providing for the change from the existing 22-class salary schedule to the new 10-class salary schedule are contained in section 41 of S. 443. A summary table follows showing the number of staff employees in each class, the average salary adjustment, and the total cost of conversion from the existing to the proposed salary schedule.

Present FSS class	Number on rolls Dec. 31, 1958	Conversion to new schedule		Average per annum salary adjustment ¹	Total cost
		Class	Number		
FSS-1.....	30	FSS-1.....	30	\$155	\$4,666
FSS-2.....	24	FSS-1.....	15	204	3,060
		FSS-2.....	9	67	605
FSS-3.....	33	FSS-2.....	33	120	3,970
FSS-4.....	35	FSS-2.....	17	222	3,770
		FSS-3.....	18	132	2,380
FSS-5.....	50	FSS-3.....	50	147	7,360
FSS-6.....	69	FSS-3.....	19	169	3,210
		FSS-4.....	50	122	6,115
FSS-7.....	72	FSS-4.....	72	47	3,415
FSS-8.....	164	FSS-5.....	164	35	5,705
FSS-9.....	323	FSS-5.....	37	100	3,700
		FSS-6.....	286	95	27,080
FSS-10.....	535	FSS-6.....	171	136	23,220
		FSS-7.....	367	80	29,370
FSS-11.....	922	FSS-7.....	922	18	16,740
FSS-12.....	938	FSS-8.....	938	30	28,180
FSS-13.....	445	FSS-9.....	445	28	12,355
FSS-14.....	1	FSS-10.....	1	15	15
Total.....	3,644		3,644	51	186,660

¹ The average salary adjustment has been rounded off to the nearest dollar. Consequently multiplying the average per annum adjustment by the number of individuals does not exactly equal the total cost which has been computed on the basis of actual salary adjustments.

The conversion to a 10-class schedule results in all Staff employees, except those in present classes 1 and 2, being adjusted to a higher class.

16. *The Foreign Service retirement and disability systems are quite complicated. Can you assure us that they are similar to the retirement systems for other Government employees, and do not provide any extraordinary benefits for Foreign Service officers which are not available to other civil servants?*

The proposed amendments to the Foreign Service Act of 1946 do not provide extraordinary benefits for participants in the Foreign Service retirement and disability system that are not available to other Federal employees. While the provisions of title VIII of the Foreign Service Act of 1946, as amended, do contain certain special features relating to the Foreign Service, similar features are contained in other Federal retirement systems with respect to special groups of employees. For example, under the Foreign Service retirement and disability system a participant may request approval of voluntary retirement at age 50 if he has 20 years of service. Similarly under the civil service retirement system certain employees of the Federal Bureau of Investigation and other Federal employees engaged in investigatory activities may request retirement at age 50 with 20 years service. Under the existing provision of the Foreign Service Act of 1946, as amended, Foreign Service officers may receive extra service credit for service at posts designated as "unhealthful" or they may elect to receive a salary differential for such service in lieu of the extra service credit. Federal employees under other retirement systems are eligible to receive the salary differential but do not have the option of receiving the extra service credit.

Proposed section 40 of S. 443 would amend the Internal Revenue Code of 1954 to exclude from income tax liability annuities paid to participants in the Foreign Service retirement and disability system who are retired for disability. This provision which has been prepared with the approval of the Bureau of Internal Revenue, Treasury Department, is in keeping with provisions relating to disability annuities payable by the Federal Employees Compensation Bureau. There is no such provision in the civil service retirement system.

As can be seen in the attached tabular comparison of the provisions of the civil service retirement system with the existing and proposed provisions of the Foreign Service retirement and disability system, most of the amendments to title VIII of the Foreign Service Act of 1946, as amended, are designed to equate the Foreign Service system to the civil service system.

Comparison of major proposed changes in the Foreign Service retirement and disability system with pertinent provisions of the civil service retirement system

Items	CSR	Present provisions, FSR	Sections	Proposals	Comments
Coverage.....	Government employees generally, unless temporary, intermittent or subject to another Federal retirement system. No provision.....	All FSO's, plus non-FSO's who have served as chiefs of mission for an aggregate period of 20 years or more. No provision.....	803 852	Includes Foreign Service Staff (FSS) officers and employees with 10 or more years of continuous service in the Foreign Service. Provides for direct transfer to FSR fund of all regular contributions (with interest) made by officer or employee to other Government retirement system under which previously covered. Funds transfer discharges other system of all benefit obligations based on service involved.	All Staff officers and employees are presently covered by CSR. At present persons becoming participants in FSR system may purchase prior service credit by making a special contribution to FSR fund for such amount of service credit as they elect to purchase. The new provision provides for the automatic transfer of contributions in another Government system to the FSR fund when a person becomes a participant in the FSR system by transfer from other Government service.
Survivorship.....	Reduced annuity with benefits to widow or widower. Corresponding benefits to each dependent child. 6 1/2 percent of basic salary.....	Reduced joint and survivorship annuity to widow only.	804	Provides specifically that surviving children, widowers, and dependent widowers may be included as survivor annuitants.	FSR provides survivorship benefits comparable to those of CSR.
Compulsory contributions.....	Agency contribution of 6 1/2 percent of employee's salary. Basic formula: Widow or widower (if survivor annuity elected by retiring employee): 1/2 of all or whatever portion of earned annuity specified as base. Annuity terminates on death or remarriage.	5 percent of basic salary..... No provision.....	811	Increases rates to 6 1/2 percent of basic salary. Agency contribution of 6 1/2 percent of employee's salary. Widow or widower (if survivor annuity elected by retiring employee): 1/2 of all or whatever portion of earned annuity specified as base. Annuity terminates only on death of widow or widower.	FSR same as CSR. Do.
Survivor annuities.....		Widow only: (If participant elected survivorship and reduced annuity.) Smaller of 1/4 of average base salary for highest 5 consecutive years of service or 1/2 of his reduced annuity. Annuity ends only upon death of widow.	821		Important difference in the FSO provision is that the annuity of a surviving widow or widower terminates only on death of such survivor.

Comparison of major proposed changes in the Foreign Service retirement and disability system with pertinent provisions of the civil service retirement system—Continued

Items	CSR	Present provisions, FSR	Sections	Proposals	Comments
Survivor annuities—Con.					
Unmarried participant.	<p>Employee's annuity reduced by 2½ percent of first \$2,400 of any amount specified as base for survivor benefits plus 10 percent of the amount over \$2,400 up to the full amount of employee's annuity, as specified.</p> <p>Person in whom annuitant has insurable interest (if survivorship and reduced annuity elected): ¼ of participant's reduced annuity. Retiring employee's annuity reduced 10 to 40 percent depending on difference between his age and age of person designated to receive survivor annuity. Survivors annuity continues for life.</p> <p>Children: A surviving wife or husband: 40 percent average salary divided by number of children; \$600, or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband: ¼ average salary divided by number of children; \$720, or \$2,160 divided by the number of children, whichever is lesser.</p>	<p>Participant's annuity reduced by ½ of amount elected for widow if not more than 8 years older than wife; if more than 8 years older is further reduced by 2 percent of widow's annuity for each year or fraction thereof the difference exceeds 8 years. Participant may also elect to have his annuity reduced by an additional 5 percent of amount elected for widow with a provision that, should he survive her, his annuity would be restored to full amount without survivorship.</p> <p>Designated beneficiary acceptable to the Secretary: ¼ of participant's full annuity or ½ of such reduced annuity. (Elective.)</p> <p>No provision.</p>		<p>Employee's annuity reduced by 2½ percent of first \$2,400 of any amount specified as base for survivor benefits plus 10 percent of the amount over \$2,400 up to the full amount of employee's annuity, as specified. Eliminates participant's option to have his annuity reduced by an additional 5 percent of amount elected for widow with a provision that should he survive her his annuity would be restored to full amount without survivorship.</p> <p>Designated beneficiary: ½ of participant's reduced annuity. Retiring employee's annuity reduced 10 to 40 percent depending on difference between his age and age of person designated to receive survivor annuity. Survivor's annuity continues for life.</p> <p>Children: A surviving wife or husband: 40 percent of average salary divided by number of children; \$600, or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband: ¼ average salary divided by number of children; \$720, or \$2,160 divided by the number of children, whichever is lesser.</p>	<p>FSR same as CSR.</p> <p>FSR does not require that the designated beneficiary have an insurable interest.</p> <p>FSR same as CSR.</p> <p>Do.</p>

Disability retirement.....	<p>Children annuities terminate at age 18 (or on recovery from incapacity after 18), marriage or death. On termination of any child's annuity by death, wife or husband's annuity by death, annuities of surviving children are recomputed as though person whose annuity was terminated had not survived deceased employee.</p> <p>After 5 years' civilian service: Same as full age and service benefit. (Guaranteed 40 percent of average salary or annuity projected to age 60 whichever is lesser.)</p>		831	<p>Children annuities terminate at age 18 (or on recovery from incapacity after 18), marriage or death. On termination of any child's annuity by death, wife or husband's annuity by death, annuities of surviving children are recomputed as though person whose annuity was terminated had not survived deceased employee.</p> <p>Excludes from initial 5 years' free credit granted for military service for which no contribution has been made to the fund.</p> <p>Limits amount of extra service credit that can be accredited to a disability annuitant to the difference between his age at the time of retirement and the mandatory retirement age applicable to his class in the Service.</p> <p>Survivor benefits based on service credit upon which participant's annuity is computed.</p>	Do.
	<p>After 5 years' service: Same as full age and service benefit, except that less than 20 years of service credit counted as 20 years.</p>		831	<p>Excludes from initial 5 years' free credit granted for military service for which no contribution has been made to the fund.</p> <p>Limits amount of extra service credit that can be accredited to a disability annuitant to the difference between his age at the time of retirement and the mandatory retirement age applicable to his class in the Service.</p> <p>Survivor benefits based on service credit upon which participant's annuity is computed.</p>	Do.
	<p>Survivor benefits based on actual years of service credit.</p> <p>No provision.....</p>	<p>Survivor benefits computed on basis of 20 years' service credit if participant's credit is 5 but less than 20 years.</p> <p>No provision.....</p>	831	<p>Exempts disability annuity from Federal income tax.</p>	<p>FSR provides minimum service credit of 20 years or difference between age of participant at time of retirement and mandatory retirement age, whichever is lesser.</p> <p>FSR provides tax liability exemptions of disability annuitants.</p>

Comparison of major proposed changes in the Foreign Service retirement and disability retirement system—Continued

Items	CSR	Present provisions, FSR	Sections	Proposals	Comments
Bar to double annuity.....	If receiving disability compensation under Federal Employees' Compensation Act, Sept. 7, 1916, is not eligible for annuity for same period but not barred from greater benefit of either act. Also is not barred from receiving annuity under this act by reason of own services while receiving concurrently any payment under Federal Employees' Compensation Act by reason of death of some other person. If awarded lump sum under sec. 17 of FEC, amount covering period beyond effective date of annuity must be refunded to U.S. Employees' Compensation Commission or be deducted from annuity payments for that purpose.	No provision.		If receiving disability compensation under Federal Employees' Compensation Act, Sept. 7, 1916, is not eligible for annuity for same period but not barred from greater benefit of either act. Also is not barred from receiving annuity under this act by reason of own services while receiving concurrently any payment under Federal Employees' Compensation Act by reason of death of some other person. If awarded lump sum under sec. 17 of FEC, amount covering period beyond effective date of annuity must be refunded to U.S. Employees' Compensation Commission or be deducted from annuity payments for that purpose.	FSR same as CSR.
Death in service.....	Widow or dependent widower: $\frac{1}{2}$ of participant's earned annuity beginning the 1st day of the month following death and continuing until death or remarriage or until widower becomes capable of self-support.	Widow only: Smaller of $\frac{1}{4}$ of average basic salary for highest 5 consecutive years of service, or $\frac{3}{4}$ of reduced annuity computed on life of participant. Less than 20 years' service counted as 20.	832	Widow or dependent widower: $\frac{1}{2}$ of participant's earned annuity beginning date following participant's death and continuing until death of surviving widow or dependent widower or until dependent widower becomes capable of self-support.	FSR provides continuation of widow's annuity until death.
Do.....	Children: A surviving wife or husband: 40 percent average salary divided by number of children; \$600 or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband: $\frac{1}{2}$ average salary divided by number of children; \$720 or \$2,160 divided by the number of children, whichever is lesser.	No provision.		Children: A surviving wife or husband: 40 percent average salary divided by number of children; \$600 or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband: $\frac{1}{2}$ average salary divided by number of children; \$720 or \$2,160 divided by the number of children, whichever is lesser.	

Discontinued service retirement.	Deferred annuity payable at age 62 if separated employee has 5 years of civilian service credit. If deceased individual's contributions are not returned in the form of annuity (to individual or his survivors), the unreturned contributions must be paid in the following order of precedence: Designated beneficiary, widow or widower of annuitant or employee, child or children of annuitant or employee, and descendants of deceased children by representation, parents of annuitant or employee or their survivor, executor or administrator of estate of annuitant or employee, next of kin who may be entitled under the law of the State in which domiciled at time of death, or the State in which domiciled at time of death.	834 (new)	Deferred annuity payable at age 60 if separated employee has 5 years of civilian service credit. If deceased individual's contributions are not returned in the form of annuity (to individual or his survivors), the unreturned contributions must be paid in the following order of precedence: Designated beneficiary, widow or widower of annuitant or employee, child or children of annuitant or employee, and descendants of deceased children by representation, parents of annuitant or employee or their survivor, executor or administrator of estate of annuitant or employee, next of kin who may be entitled under the law of the State in which domiciled at time of death, or the State in which domiciled at time of death.	FSR provides payment of deferred annuity at age 60. FSR aligns precedence provisions with those of CSR.
Disposition of contributions in excess of benefits received.	(a) Leave of absence without pay granted during covered employment while performing active honorable military service. (b) Leave of absence without pay granted during covered employment while receiving FEC benefits. (c) Civilian employment with District of Columbia government. No provision (exactly comparable).	841	Inserts the phrase "and honorable" in relation to military and naval service.	FSR same as CSR.
Creditable service.	Includes: (a) Leave of absence for active military or naval service. No provision. do.	851	Includes leave of absence granted during covered employment while receiving FEC benefits. Includes civilian employment with District of Columbia government. Simplifies the language of existing legislation.	Do.
Officers recalled or reinstated.	Recomputation of annuity of an officer recalled in the Service and retired a second time. No provision (Foreign Service annuity is suspended if reemployed in the Federal Government).	871		Clarifying change in FSR provisions.
Reemployment of annuitants.	Any annuitant reemployed after retirement for age or based on voluntary separation or an involuntary separation for cause, or if retired for disability and is age 60 or over at the time of reemployment, retains his full annuity, but the salary of his position must be reduced by the amount of annuity received.	872	Provides that reemployed Foreign Service annuitants receive full salary of the position appointed plus portion of their annuity which when added to the salary would equal the base salary received at time of retirement from the Foreign Service.	FSR provides for potential higher combined income for Foreign Service annuitants.

17. In section 6 of the bill where a new section 444 is placed in the Foreign Service Act, does the phrase "as is consistent with the public interest" at the end of the proposed new section mean "to the extent consistent with the public interest"?

Yes. In establishing schedules of salaries for local (alien) employees of the Service it is essential that compensation rates be based upon local prevailing wage rates and prevailing pay practices for corresponding types of positions in the locality. It is "consistent with the public interest" to establish these schedules of salaries at levels which will make it possible for the Department to employ and retain local nationals in competition with prevailing labor market conditions in the locality. The establishment of salary schedules below competitive rates would make it difficult for the Department to employ and retain local nationals in competition with other local employers. The establishment of these rates above prevailing levels of compensation might have an adverse effect upon the local economy, and would not provide most effective use of funds made available to the Department.

18. Sections 9 and 36 of the bill, S. 443, would permit the Secretary to bring retired officers back on active duty in the Department or permit them to accept employment in other Government agencies on the basis that they would get the salary of the new job plus so much of their retirement annuity as when combined with such salary would be equal to the highest salary to which they were entitled on the date of their retirement. What justification is there for such a proposal? Why shouldn't the new salary be reduced by an amount equivalent to the amount of the annuity he receives?

The proposal provides that an annuitant under the Foreign Service retirement and disability system, reemployed in the Federal Government, is entitled to receive the full salary of the position to which he is appointed, plus only such portion of his annuity as will, when combined with his salary, not exceed the salary he was receiving when retired. The justification for this proposal has two elements. The first is the belief of the Department that the annuitant has earned his annuity and is entitled to it. The second is its belief that if he is performing compensable services for the Government he is entitled to payment for those services. But in order to limit the cost to the Government it is deemed equitable and advisable to permit payment only of such portion of the annuity which, taken together with the annuitant's salary, would not exceed his former salary.

In further justification of the proposal it may be noted that there would be no limitation upon the annuitant's earning capacity if he were employed by private industry. This provision would permit the Government to compete on a more favorable basis with industry and to obtain the services of retired Foreign Service personnel of proven ability whose reemployment would be of benefit to the Government.

If it is assumed that the employee has earned his annuity and that he is entitled to engage in other employment, the Department can see no justification for limiting his earning capacity because he receives an annuity. Consequently, it does not believe that his new salary should be reduced by the amount of his annuity. Furthermore, it is believed that the retirement fund rather than the appropriation to the agency concerned should profit by any withholding of that portion of the combined payments in excess of the employee's former salary. It is not contemplated that his salary should be limited to his former salary, however, if he can earn more.

19. Section 11 of S. 443 allows the Secretary to establish probationary periods for newly appointed Staff officers. Would it not be unreasonable to establish periods of longer than 1 year for such probationary periods?

Most Foreign Service Staff appointees are assigned to positions in the Department for approximately 6 months for training, orientation, and observation prior to assignment abroad. Persons whose performance does not meet the standards of the Service are terminated during this period. The experience of the last 10 years has demonstrated that a period of 1 year or more abroad is required to assess the ability of new appointees to adapt to conditions of living and working abroad. A policy of allowing only 1 year for probation would force the Department to make decisions on continued employment of probationers after no more than 6 months' service abroad. Because the employee is usually having his first experience of overseas living, 6 months is not an adequate period.

FOREIGN SERVICE ACT AMENDMENTS

217

Since August 1949 the Foreign Service regulations have provided for a probationary period of 2 years for staff personnel and this policy has proven satisfactory over the nearly 10-year period. These regulations were prescribed pursuant to section 531 of the Foreign Service Act of 1946, as amended, which authorizes the Secretary to appoint Staff officers and employees under such regulations as he may prescribe. However, the Department wishes to take this opportunity, when other revisions are being made, to insert in the act a specific authority for the Secretary to establish the probationary period for staff employees.

20. *The proposed new section 638 of the act having to do with the discharge, at the discretion of the Secretary, of Reserve and Staff officers serving under limited appointments has been objected to by a number of Staff officers who transferred to the Foreign Service Reserve group in order to safeguard their civil service retirement benefits. Does the Department intend to discharge some of these Staff officers? Would the Department have any objection to providing that the new section 638 would not be applicable to any Reserve officer who was a Staff officer on July 1, 1959?*

The first question implies that certain Staff officers, who transferred to the Foreign Service Reserve to protect their retirement benefits, are concerned lest enactment of the proposed section 638 would place them in greater jeopardy of discharge from the Service. There is no need for concern in this connection, since provision has already been made by departmental order that employees transferred to the Reserve for that purpose shall be entitled to the same rights and privileges which they would have had as staff employees in the event of action leading to separation for unsatisfactory performance, separation for cause, or separation by reduction in force, it being understood that in the latter case retention would not extend beyond the expiration date of the Reserve appointment.

Staff employees who have transferred to the Reserve would suffer no loss of rights or privileges related to discharge from the Service; however, the proposed section 638 would provide much needed flexibility in connection with the discharge of other Reserve officers and staff employees.

On the basis of the foregoing, there is no need for the July 1, 1959, proviso suggested by the committee in its second question. Lack of need for the proviso is further emphasized by the fact that the time limitation pursuant to which transfers from the Staff Corps to the Foreign Service Reserve for the protection of retirement benefits are made has expired,

SECTION 3 (S. 443)—AMENDING SECTION 416

What are the specific advantages to be gained from a direct grant of legislative authority enabling the Secretary to appoint Staff officers and employees above the minimum rate of the applicable class?

It would be advantageous in recruiting in the competitive market to have flexibility in determining the most appropriate salary rate within the class for each candidate under consideration whether or not he has had prior Government service. In recruiting Reserve officers the salary rate within the class is established on the basis of total qualifications, including age, education, length and quality of experience, and previous salary. Foreign Service officers also may be appointed at one of the steps within a class. It should be possible to give due consideration to the same factors in establishing an entrance salary for staff employees. This is especially important in shortage categories and often would permit the employment of better qualified candidates who would not be willing to accept the base salary for the class.

What advantages does the proposed section 416(b) have over the existing section 442?

The present section 442 gives authority for adjustment of Staff Corps salary rates above the minimum, but not in excess of the middle rate for a class. The proposed section 416(b) provides needed flexibility especially in a tight labor market, as well as uniformity and equity in administering salary rates for Foreign Service officers, the Foreign Service Reserve, and Foreign Service Staff Corps.

Also, use of section 442 authority in establishing subclasses has the effect of increasing the number of FSS classes. The Department believes there already are too many FSS classes and the proposed amendment to section 415 would cut down on the number of classes and thereby improve the FSS salary schedule. This improvement in the FSS salary schedule should not be offset by an increase in the number of FSS classes resulting from the establishment of subclasses.

SECTION 4 (S. 443)—AMENDING SECTION 431

What are the essential reasons that section 431 has been subject to a number of different interpretations and has been difficult to administer?

The present provisions of section 431 place no legal limitation on the duration of the time in pay status, after relinquishment of charge of his mission, of a chief of mission whose successor has not been appointed, but limits to 30 days plus transit time to his place of residence, the time in pay status, after relinquishment of charge of his mission, of a chief of mission whose successor has been appointed. This inconsistency has made the section particularly difficult to administer equitably.

The provision for a chief of mission remaining in pay status while "on authorized leave" has been superseded by a provision of the Annual and Sick Leave Act of 1951, as amended, under which chiefs of mission are considered to be in duty status at all times and do not earn leave.

Also, the provision for carrying chiefs of mission in pay status during transit time in connection with the termination of their appointments has been difficult to administer equitably because the routes and methods of travel chosen by some such officers tend to keep them in pay status for somewhat longer periods than for other chiefs of mission whose appointments are being terminated.

SECTION 5 (S. 443)—AMENDING SECTION 441

Would the Department, under the authority of the proposed provision, in addition to FSO positions, designate departmental positions now covered by the Classification Act as Foreign Service Staff positions and remove such positions from the coverage of the Classification Act?

The Department has no plans at this time for designating departmental positions as FSS positions and removing them from the coverage of the Classification Act. In the new personnel program for the Foreign Service Staff Corps which was adjusted in 1958 and which was developed as a result of the impact on the Staff Corps of the Wriston program, the need was recognized for providing Washington assignments for members of the Staff Corps who have spent a number of years abroad. Provision was made in the Staff Corps program for 50 to 100 Washington assignments for Staff Corps personnel on a continuing basis. It is planned to continue to assign Staff Corps personnel to positions in the Department which are classified under the Classification Act, as is now being done and has been done in the past. An increase in the number of Staff Corps personnel assigned to the Department possibly will be accomplished in connection with a program of exchange assignments between Foreign Service Staff and civil service personnel.

SECTION 5 (S. 443)—AMENDING SECTION 441

Why does the Department desire that the Secretary be authorized to classify positions in the Department in accordance with the Foreign Service pattern without regard to the Classification Act of 1949, and what is the extent of the contemplated reclassification?

In accordance with approved recommendations of the Secretary's Public Committee on Personnel, the Department has designated by applying criteria proposed by the Public Committee, some 1,500 positions in the Department (in addition to positions at overseas posts) for staffing by Foreign Service officers. This program, at the time of its initiation, was reviewed and approved by the Civil Service Commission. It was reviewed and given general approval by the 84th Congress in reports on and enactment of Public Law 22, 84th Congress and Public Law 828, 84th Congress.

All positions in the Foreign Service at overseas posts are classified under the Foreign Service Act. Most positions in the Department, including those designated for staffing by FSO's, are subject to the Classification Act of 1949, as amended, and must be classified under that act. In order to provide a basis for personnel planning and administration under the Foreign Service, it has been necessary to classify the FSO designated positions in accordance with the classification pattern prescribed in section 412 of the Foreign Service Act. This duplicate classification creates unnecessary work and serves no useful purpose.

It appears logical to classify the positions in accordance with the provisions of the act under which the incumbents will be appointed, and to eliminate dual classification. (In this connection, it is to be noted that the constituent agencies of the Department of Defense have not been required to cover positions filled

by uniformed military personnel under the Classification Act. It would appear that positions in the Department of State that are to be consistently staffed by a career service outside of the regular civil service should also be exempted from the Classification Act.)

In view of the Department's need to continue the use of many efficient civil servants who were unwilling or unable to become FSO's under the integration program, some of these positions will continue to be occupied by civil service employees for a number of years. When a designated position is occupied by a civil service officer, it would be classified under the Classification Act. This would be done under the permissive provision in this subsection.

There were, as of December 31, 1958, a total of 1,509 FSO designated positions in the Department of which 1,459 were covered by the Classification Act of 1949, as amended. The remaining 50 positions included those FSO designated positions at the U.S. mission to the United Nations and Foreign Service inspector positions which are exempted from the provisions of the Classification Act.

There were, as of December 31, 1958, 959 Foreign Service officers filling FSO designated positions in the Department. As of the same date 388 designated positions were occupied by civil service personnel. In addition, there were 66 FSR's and 32 Staff officers assigned to FSO designated positions in the Department.

It is planned that the Department would initially remove approximately 1,100 positions from the coverage of the Classification Act. Positions now occupied by civil service officers who were unwilling or unable to become FSO's under the integration program would not be removed from the coverage of the Classification Act initially. Some of these positions will be occupied by civil service employees for a number of years. When a designated position is occupied by a civil service officer, it would be classified under the Classification Act.

Generally, the application of the criteria for designation of positions presupposes that those positions designated as Foreign Service would continue to be so designated as long as the present criteria are the basis. However, the needs of the Service should be the final determinant. As the needs of the Service change, the criteria might be adjusted. It is possible that the designation process might be reversed in certain instances if it is determined that it is desirable in the public interest to staff some additional positions with personnel under the civil service. In such cases the positions to be filled by civil service personnel would be classified under the Classification Act.

8. *In section 5 of S. 443 the Department proposes to amend section 441 of the Foreign Service Act to permit the Secretary to classify positions in the Department of State and put Foreign Service officers in them notwithstanding the civil service classification of a position. Would there be any objection to providing that the Foreign Service officer put in that kind of position should receive no higher pay than he would if he were a civil service employee? (It is noted that the Department proposes to change section 571 of the act so that if a Foreign Service officer is assigned to another Government agency and the salary of the new position is higher than his regular salary he is entitled to accept the salary of the new position.)*

The new section 441(b) which is proposed in section 5 of S. 443 would give the Secretary authority to classify positions in the Department which he designates as Foreign Service positions to be occupied by officers and employees of the Service, notwithstanding the provisions of the Classification Act of 1949, as amended. The designated positions normally would be filled by Foreign Service officers and would be classified under the Classification Act only when it was found necessary to assign civil service officers to the positions. So long as a designated position is encumbered by a Foreign Service officer the Classification Act would not apply.

The Department would offer objection to a provision which would provide that a Foreign Service officer assigned to a designated Foreign Service position in the Department would receive no higher pay than would a civil service officer assigned to that position. It is to be noted also that the suggested provision would reduce seriously the flexibility of assignment of Foreign Service officers to the Department. Such a provision would be inequitable and in violation of accepted career principles if it should result in reduction in an officer's salary when he is assigned to the Department.

Under the Foreign Service system it is well established that the rank, and correspondingly the salary, attaches to the officer and not to the position to which he is assigned. The exception to this salary principle under existing law is that an officer or employee assigned to a position in a Government agency having a higher basic salary than his Foreign Service salary shall receive the higher salary during

the assignment so long as the difference in salary exists. It is noted that the proposed amendment to section 571 (sec. 13 of S. 443) provides that no officer or employee of the Service who is assigned to a designated Foreign Service position in the Department shall receive a salary differential after June 30, 1960. The existing provision relating to salary differentials for members of the Service who are assigned to positions with higher rates of pay in other Government agencies would not be changed by enactment of the proposed amendments.

2. *Senator Fulbright has received a letter from a young student who has become a naturalized citizen of the United States, but owing to the requirement of section 515 of the Foreign Service Act, is not eligible for appointment as Foreign Service officer until she has been a citizen of the United States for at least 10 years at which time she will be too old. Citizenship requirements for Foreign Service Reserve officer appointment and Foreign Service staff appointments are 5 years and zero years as a citizen respectively. What is the reason for these different standards? Does the Department believe that naturalized citizens are less trustworthy than citizens by birth?*

Foreign Service officers have the primary responsibility for representing the United States abroad. In carrying out their representational and other responsibilities, Foreign Service officers must be able to draw upon an extensive knowledge and deep understanding of the American people and their life and culture. This background can be acquired most effectively through extended residence in and devotion to the United States. Thus the public interest requires, the Department believes, that our official representatives abroad have an appreciation of American life that is rooted in personal experience.

The citizenship requirement for Foreign Service officers was reduced from 15 years to 10 years by the Foreign Service Act of 1946. The Department does not believe that a further reduction in the length of citizenship requirement would be in the public interest.

Since Foreign Service Reserve officers are appointed for limited periods of service to fill positions in which their special qualifications are needed or which in the short run cannot be filled by Foreign Service officers, we believe the 5-year citizenship is adequate. Should any change in citizenship requirements for appointment to the Foreign Service be made, however, the Department believes that the requirements for appointment to the Foreign Service Reserve should be raised to 10 years to bring it into line with the Foreign Service officer citizenship requirement.

As a matter of policy the Department appoints to the Foreign Service Staff Corps, its overseas technical and clerical service, only those persons qualified by background and experience who have been citizens for 5 years, except that the length of citizenship requirement may be waived for Foreign Service local employees who become naturalized citizens and whose loyalty and competence are demonstrated.

Trustworthiness is an individual trait and the Department does not hold that naturalized citizens are less trustworthy than citizens by birth. The Department's position on citizenship requirements is based on the depth of knowledge and understanding of the United States required of its various categories of personnel.

SECTION 8 (S. 443)—AMENDING SECTION 517

Why does the Department favor retention of the legislative requirement that lateral entrants must have rendered at least 3 or 4 years, depending upon the age of the candidate, of service in Government service?

The Department's views on this question were stated in its letter of June 12, 1958, to Senator Green commenting on S. 3552, 85th Congress, the bill introduced by Senator Saltonstall for himself and Senator Mansfield:

"With respect to the matter of prior Government experience as a prerequisite for lateral entry, the Department believes that if the Foreign Service is to be maintained as a career service, it would be a mistake to appoint laterally at above class 8 persons who have not had such prior experience. Even though special examinations would be required, the danger would always exist that persons not fully qualified would be introduced from private life into the Service from time to time as a result of pressures which it would be difficult for the Department to resist. Over many years the Foreign Service has maintained its career and nonpartisan features and its freedom from favoritism because it has been difficult for inroads to be made into it by persons with powerful and influential backing who have spent their youthful years in making a career in private life. There can be no doubt that the Service would be enriched by the introduction into its

various levels of a limited number of persons who in private life have acquired experience and qualifications of which the Service is in need. Nevertheless, the Department is convinced that the avenue of Foreign Service Reserve officer appointment represents the best method for such persons to enter the Foreign Service. By this method, a person enters the Service on a temporary basis for 3 or 4 years, during which period the Department has an opportunity to examine his qualifications and general fitness for the Service. He also has an opportunity to determine for himself whether he and his family like and are fitted for the Service. In the light of experience, moreover, we believe it is advisable for established persons without Government experience not to cut all former ties to become full-fledged members of the Service until after they have served for several years on a temporary basis.

"There is a distinct difference between service in Government and service in private life. A man can be a most successful Government servant, yet be a person who would not make a success in a private business or profession. Similarly, a person who has been outstanding in the business or professional world may prove to be completely unfitted for the Foreign Service where teamwork, the spirit of cooperation, dedication, and self-effacement are essential. A person who already has served for 3 or 4 years in the Federal Government in most cases already has been tested in work akin to the Foreign Service, particularly if he has been working in a field connected with foreign affairs."

SECTION 8 (S. 443)—AMENDING SECTION 517

In the past there have been numerical restrictions upon lateral entry. What are the reasons for seeking at the present time to remove them? May this not endanger the integrity of the career principle, or at the least cause morale problems?

Basic rationale.—Removal of quota restrictions would give the Department the necessary flexibility to permit the operation of an orderly, continuing lateral entry program based on the needs of the Service. The only alternative to removal of numerical limitations would be for the Department periodically to request the Congress for specific additional lateral entry quotas.

The new personnel program for Foreign Service Staff Corps personnel, which was developed and approved as a result of the impact of the integration program on the role of the Staff Corps, provides for a special, one-time lateral entry opportunity for certain Staff Corps personnel who, as of March 28, 1958, occupied FSO positions; 175 of the FSS officers who applied were eligible for examination under this special program. None of these officers had been appointed as FSO's as of December 31, 1958. Since all but 286 of the 1,250 lateral appointments authorized by section 517 had been made as of December 31, 1958, it is expected that the special lateral entry program for Staff Corps personnel will substantially curtail the remaining lateral entry authority.

Removal of the numerical limitation would give the Secretary the lateral entry authority provided by the original Foreign Service Act of 1946.

Department's previous position.—As the first step toward the initiation of the integration program, the Department in 1954 proposed that the Congress amend section 413(b) of the Foreign Service Act so as to authorize appointments at any one of the rates of a given class, rather than at the base rate only. The House Foreign Affairs Committee was sympathetic to the proposal, but took the position that since the subject was brought to attention so late in the session it was not possible to review all of the problems and consequences that might be involved. For that reason the committee (and finally the Congress) approved the proposed amendment, subject to a numerical limitation of 500 lateral appointments, and subject further to the condition that such appointments would have to be made on or prior to March 31, 1955. In this connection, the committee expressed the view that these limitations would insure that the program would be brought to attention at the next session of Congress for review as to its progress and the need for further legislation.

In 1955 the Department proposed, among other things, that section 517 be amended to permit the appointment of qualified persons from outside agencies of the Federal Government as well as from the Department-Foreign Service, but did not propose numerical or time limitations. The Congress, however, limited the number of appointments that could be made under section 517 to 1,250 persons who were on the rolls of the Department-Foreign Service on March 1, 1955, and who had completed the required period of prior service in the Department-Foreign Service, subject to an option to appoint up to 40 of that number who were not on the rolls of the Department-Foreign Service on March 1, 1955, and who had

not completed the required period of prior service in the Department or the Service. The House report on the bill indicates that numerical restrictions were imposed for the purpose of assuring that the number of lateral appointments would not be larger than necessary to implement the integration program.

Additional amendments of the Foreign Service Act were sought in 1956; and at that time, the Department proposed an increase of the outside agency quota from 40 to 165, but did not request removal of the overall quota restriction except with respect to Reserve officers who complete the 3- or 4-year period of prior service under the administrative direction of the Secretary of State.

The Senate Foreign Relations Committee favored removal of all numerical limitations. When Deputy Under Secretary Loy W. Henderson was questioned on the subject, he expressed the view that the House committee would not favor lowering the bars to that extent. The Senate, nevertheless, passed the bill without any quota restrictions on lateral appointments.

When the subject was under consideration before the House Committee on Foreign Affairs, Mr. Henderson testified in part as follows:

"We are willing to accept this section as passed by the Senate. Our chief concern with respect to it would be that the wording of the Senate version might give the impression, particularly to the Service, that preparations are being made to let down the bars to lateral entry to such an extent as to undermine the career features of the Service."

The House committee favored retention of the quota restrictions in section 517, as proposed by the Department, except that it raised the 40 quota to 175 instead of 165. The committee justified its position on the ground that the future status of the International Cooperation Administration, within the Department of State, is as yet undetermined, and the U.S. Information Agency has not yet established its own Foreign Service.

Question of morale.—In hearings before the Senate Foreign Relations Committee on Public Law 828, the following testimony was given:

"* * * the Senate Foreign Relations Committee concluded that the numerical limitation provisions of the present law should be removed * * *."

"We are willing to accept this section as passed by the Senate. Our chief concern with respect to it would be that the wording of the Senate version might give the impression, particularly to the Service, that preparations are being made to let down the bars to lateral entry to such an extent as to undermine the career features of the Service."

Since that time, the integration program has been completed and the Department has taken several steps to assure that lateral entry will support the career principle of the Foreign Service. The major step has been the development of an orderly continuing lateral entry program geared to meet the requirements of the Service. This program—

- (1) Establishes a firm policy to govern lateral entry.
- (2) Provides for lateral entry to meet certified needs.
- (3) Maintains the high standards of the career Foreign Service system.
- (4) Assures that the program will be carried out under uniform conditions.
- (5) Has been made known to all Foreign Service personnel.

Another important step has been the adjustment of the Service to an intake via the integration program of over 1,500 officers at above class 8. These officers have brought to the Foreign Service Officer Corps a wide variety of skills and abilities which probably will not need to be substantially augmented by new appointments for some time to come. In addition, the FSO-8 recruitment and selection program has been developed to assure a fully adequate intake of highly qualified officers at the class 8 level.

In the light of these recent developments, it is believed that the Service generally will no longer be concerned that the career principle will be endangered by an excessive number of lateral appointments from the Department-Foreign Service or that large numbers of persons will be appointed from outside.

SECTION 9 (S. 443)—AMENDING SECTION 520

What is the Department's present policy for carrying out the provisions of section 520(b)?

Section 520(b) of the Foreign Service Act of 1946, as amended, provides: "whenever the Secretary shall determine an emergency to exist, the Secretary

FOREIGN SERVICE ACT AMENDMENTS

may recall any retired Foreign Service officer temporarily to active duty." The commentary on the section in House Report 2508, H.R. 6967 (Public Law 724, 79th Cong.) reads: "Section 520(b) is modeled on existing legislation and has been used to fill the Service in time of emergency."

In view of the language of 520(b) and its legislative history, as noted above, it has been determined that the Secretary's authority thereunder may only be exercised when he has determined that there exists an emergency in the Foreign Service. The Department has been necessarily restrictive in applying the existing provisions of this section and feels that it has been deprived of officers from time to time whose broad knowledge, experience, and ability would have been of value to the Service.

Why is there a need to liberalize the conditions under which the Secretary may recall retired Foreign Service officers for assignment to temporary duty?

Occasionally it would be in the best public interest to make use of retired Foreign Service officers in filling short-term assignments to selection boards, the Foreign Service Institute, and to special projects for which they are especially qualified because of background and experience. The interpretation of existing legislation usually prohibits the Secretary from making such assignments because it cannot be ordinarily maintained that an emergency exists. The proposed change would make such assignments possible without the Secretary having to predict that they are required by emergency conditions.

SECTION 10 (S. 443)—AMENDING SECTION 522

How will the Department determine that extension of a Foreign Service Reserve officer's appointment will be in the public interest, and if his services are needed on a continuing basis why should he not be appointed to the FSO Corps by lateral entry?

Extensions or reappointments would be effected only in case the officer had developed during his original appointment such knowledge, unusual skill, or close association with a given project or negotiation that this sudden separation would definitely place the success of the undertaking in jeopardy. A good example would be an intricate and comprehensive treaty negotiation in connection with which the officer had performed the background research, attended all of the departmental and interdepartmental conferences, and served as an important member of the negotiating team. If an officer in this position should be separated on the eve of international discussions, or while discussions were in progress, the negotiations may fail or fall short of their goal because of the long period of time required for a replacement to attain the requisite knowledge and develop the needed personal associations.

Other examples would include informal international negotiations, particularly those requiring extraordinary knowledge of a particular subject. It of course follows that retention of the officer in any of the circumstances mentioned would be in the public interest.

Whether or not a Foreign Service Reserve officer should be given a lateral appointment as a Foreign Service officer depends upon how many years after the expiration of the 5 years as a reservist his services will be needed. Reserve officers are temporary employees, and normally are appointed or assigned to fill specific positions of a temporary or transitory character. If after a 5-year period it should be determined that the work on which a Reserve officer is engaged has developed into a permanent Foreign Service function, the Department would thereafter endeavor to meet the need with Foreign Service officers.

Under the Foreign Service Act of 1946, as amended, the Foreign Service Officer Corps is established as a career service in which its members serve in more than one type of position. Some appointments are made laterally, but most of them are made at the bottom class (class 8). In either case, preservation of the career principle renders it necessary that candidates meet exacting age and suitability requirements and that they possess a broad background of knowledge as distinguished from training or experience in a narrow or specific field. Hence, a Reserve officer qualified to fill a specific position—a petroleum specialist for example—would not necessarily possess the qualifications for entry into the career service.

7. *Reference is made in the material explaining the changes proposed in section 571 of the Foreign Service Act to a "home service transfer allowance for Foreign Service personnel incident to an assignment to the United States." What is the justification for this so-called Washington salary differential? What is the authority for paying such an allowance? Is it the plan under the proposed legislation to fix the classification of Foreign Service dual service positions high enough so that the allowance will no longer be necessary?*

Authority for payment of a home service transfer allowance is contained in section 901 of the Foreign Service Act of 1946, as amended, which states in part that the Secretary is authorized to grant cost-of-living allowances whenever he determines "that extraordinary and necessary expenses, not otherwise compensated for, are incurred by an officer or employee of the Service incident to the establishment of his residence at any post of assignment abroad or at any post of assignment in the continental United States between assignments to posts abroad." Specific authority for the home service transfer allowance was added to the act by Public Law 22, 84th Congress.

The home service transfer allowance is not a Washington salary differential but is (1) a one-time payment ranging from \$75 for a single employee to \$175 for an employee with a family who is transferred to the United States from a post in a different climatic zone, and (2) a payment for hotel expenses of \$6 per day for adults and \$3 per day for children for periods not to exceed 15 days for single employees and 30 days for married employees pending establishment of permanent housing arrangements. This allowance is similar to the transfer allowance and the temporary lodging allowance granted to new arrivals at posts abroad. It differs from these overseas allowances only in that the lodging portion is limited to 15 or 30 days in the United States as compared with up to 90 days at posts abroad.

The Washington salary differential is a payment made to a member of the Foreign Service who is assigned to a position in a Government agency the salary of which exceeds his Foreign Service salary. The payment equals the difference between the salary of the individual and the salary of the position and continues during the assignment as long as the difference in salary exists. Under the proposed amendment to section 571 which is contained in S. 443, the salary differential would no longer be paid to members of the Foreign Service assigned to Foreign Service officer positions, the so-called dual service positions, in the Department. The classification of a Foreign Service officer position in the Department, therefore, would not affect the salary of the Foreign Service officer assigned to it.

The Department has proposed an amendment to section 571 of the Foreign Service Act which would eliminate salary differentials for Foreign Service officers who are assigned to positions the minimum basic salary of which is higher than their salaries. Will it be a financial hardship for a Foreign Service officer to serve in the Department if he does not receive a differential?

At the present time, some 300 Foreign Service officers in classes from 4 to 8, in addition to a number of officers in higher classes, who are assigned to the Department in Washington, in other cities, or to our UN mission in New York are receiving salary differentials. These differentials average about \$620 per annum, and are granted to officers in order to bring their Foreign Service salary to the level of the salary which is called for by the civil service rating of the departmental position which they happen to be holding.

The elimination of these differentials would represent a hardship to the Foreign Service officers who have been receiving them. It is becoming increasingly difficult for Foreign Service officers, particularly junior officers with families, to live on their salaries in Washington. They are in quite a different position from Government employees who can plan to live in Washington indefinitely. Nevertheless, it is not believed that the granting of salary differentials is the proper method for solving this problem. In the first place these differentials are paid to only a fraction of the Foreign Service officers on duty in the Department—only to those whose positions have a civil service classification which would bring a salary higher than the Foreign Service salary to which they are entitled.

It is contrary to the principle of the Foreign Service for the salary of an officer to be based on the position which he holds. In order that the Foreign Service may have the maximum amount of flexibility, the officer's rank and salary accrue to him personally, not to his position at any time. It is, for instance, not in keeping with the Foreign Service tradition that officers of equal rank on duty in the Department should receive different salaries. The remedy might be to grant to all Foreign Service officers on duty in the United States an allowance which, although perhaps not as much as the allowance they receive abroad, would

nevertheless relieve them to an extent of the financial burdens which they now bear while on assignment in the United States.

Most Foreign Service officers, while on assignments of 2 to 4 years in the United States, in order to carry out their duties efficiently, are compelled to spend much more than the salary which they receive. Since, for instance, many of them are living abroad in furnished or partly furnished quarters, they are compelled either to buy furniture while in the United States or to rent furnished quarters. If they buy furniture and are later transferred, they may be constrained either to sell their furniture at a loss or to store it because again they are being assigned to a foreign post where their quarters would be partly furnished. In view of the nature of their work and of the advisability of their maintaining contacts with members of the foreign diplomatic establishments with which they deal, they are practically compelled to engage in activities of a character which require expenditure of funds—activities not required of most other Government employees in Washington of a comparable rank. As a result of this situation, must Foreign Service officers without financial means, although realizing how important it is that they serve from time to time in the Department, dread a Washington assignment because of heavy financial sacrifices which it involves.

What in the nature of an allowance would the Department recommend to relieve the financial burden on officers assigned to departmental positions?

The Department has given considerable thought to this problem. It is not suggested that the size of such an allowance be so great as to cover fully the cost of the renting of living quarters. An allowance which would take care of at least half of such costs would ease the situation of our Foreign Service personnel in the United States. If, for instance, all Foreign Service personnel while on duty in this country would be entitled to receive a special allowance of say 8 percent of the salary of those without dependents, 11 percent of the salary of those with one to three dependents, and 13 percent of the salary of those with more than three dependents, the handicap which they suffer from the temporary nature of their assignment would be largely overcome.

Will you please submit for the record a suggested amendment to the Foreign Service Act along the lines of the proposal just made, together with an estimate of the cost involved?

Sec. 571

Existing legislation

Proposed legislation

(e) Any Foreign Service officer or employee assigned to duty in the continental United States between assignments abroad, and any Foreign Service officer of class 7 or 8 assigned to duty in the continental United States prior to assignment abroad shall receive, during the course of such period of assignment, a differential applied to basic salary of 8 per centum if without dependents, 11 per centum if with one to three dependents, and 13 per centum if with more than three dependents to assist in defraying the cost of quarters.

It is proposed to further amend section 571 by adding a new paragraph (e) to provide a measure of financial assistance to those officers who are assigned to Washington between assignments abroad, and to those officers in classes FSO-7 or FSO-8 who are assigned to Washington at the commencement of their careers in the Foreign Service. For this group of officers it is proposed to provide an amount which may be expected to defray approximately one-half of their housing costs while on duty in the United States. Single employees without dependents would be granted an 8-percent differential on their basic pay, officers with one to three dependents would be granted an 11-percent differential, and those officers with more than three dependents would be granted a 13-percent differential.

It is recognized that the elimination of the salary differential for officers assigned to positions in the Department at salary levels higher than those of their personal rank in the Foreign Service will present a hardship to certain Foreign Service personnel, as has been stated above. The Department's reasons for desiring to eliminate this differential have been set forth in the explanation relating to the

proposed amended section 571(e). Proposed new paragraph 571(e) will authorize the payment of a salary differential on a uniform basis to all Foreign Service personnel assigned to the United States for the purpose of defraying part of living quarters costs. To personnel of the Foreign Service, who are in a mobile career service, Washington is simply one more post in a long series of assignments abroad and in the United States. The expenses incurred in settling in Washington for a relatively short period are considerably higher than those incurred by employees who can look forward to a lifetime of residence in one city. Officers serving abroad receive various allowances to offset their job-related expenses; no allowances are payable to those on duty in Washington. The financial burden of an assignment to Washington is such that many officers dread such an assignment even though accepting the necessity for it.

Although the primary purpose of this salary differential is to relieve the financial burdens associated with assignment to Washington between assignment to posts abroad, it is proposed to make the same benefits available to the newly appointed Foreign Service officers at the entry level (FSO class 7 or 8) whose assignments in Washington may be for as much as 2 years. Such officers are faced with many expenses at the beginning of their Foreign Service careers, not the least of which is the necessity to provide themselves with housing for the rather indefinite period they will be assigned to Washington. It is intended to limit the payment to those officers in classes FSO-7 and FSO-8 and not to provide it for the normal lateral entry employee who may come into the service after many years of residence in Washington. In general it is not intended to make the differential available to those who do not change their city of residence as a result of their appointment to the Foreign Service.

If the proposed new section 571(e) is included in the Foreign Service Act Amendments of 1959, section 43 of S. 443 should have added to it a clause which makes the provisions of this paragraph effective on July 1, 1960. Amendment to section 571(e) now contained in S. 443 becomes effective on June 30, 1960, thus the effective date of the provision for a differential to compensate for living quarters costs would make available to Foreign Service personnel assigned to duty in the United States such a differential at the same time that the salary differential referred to in section 571(c) is discontinued.

SUPPLEMENTAL ESTIMATED COST OF FOREIGN SERVICE ACT AMENDMENTS OF 1959

Living quarters cost-salary differential

First year cost

Approximately 1,890 officers and employees would be covered by the proposed provision. Of these there would be approximately 460 with no dependents, receiving an average differential of \$621; 820 with 1 to 3 dependents, receiving an average differential of \$854; and 315 with 4 or more dependents, receiving \$1,009----- \$1,300,000

9. In section 14 of S. 443 the Department proposes to change section 625 of the Foreign Service Act so as to permit the Department to continue to give in-class promotions of Foreign Service officers. The Department justifies this as being necessary because of the inadequacy of the Fringe Benefits Act. Can you give examples showing how the Fringe Benefits Act fails to permit adequate reward for specially meritorious service? Why should the section not specify that a man cannot be eligible for both a fringe benefit reward and an in-class promotion? Would it not be a good idea to place a limitation on the number of meritorious in-class promotions which may be granted to an officer within a specified period of time?

The Department's proposal that the Secretary of State be authorized to grant in-class salary increases to Foreign Service officers for especially meritorious service is based not upon any assumed inadequacy of the Government Employees Incentive Awards Act (commonly referred to as the Fringe Benefits Act), but rather upon the belief that salary increases are more appropriate as reward for certain types of meritorious service than are cash awards. Cash awards are both appropriate and adequate for the primary purpose for which they were devised. This purpose is to reward an employee for identifiable actions which constitute either contributions to Government operations or "special acts or services in the public interest" related to their jobs. That the reward is for a single specific act or contribution is made apparent by section 304(d) of Public Law 763 which stipulates that a cash award under this section (subsecs. (a) and (b) of which

provide the authority for making the awards) shall be additional to regular compensation and that its acceptance by the recipient shall foreclose any further claim by him upon the Government for its use of "any idea, method or device for which the award is made."

The in-class salary increase is believed by the Department of State to be a more suitable reward for especially meritorious service and effort of a continuing nature which is above and beyond the regular requirements imposed upon an officer by his class and position. One such type of service is performed by an officer who occupies with distinction and for a protracted period a position classified several levels above his personal rank. Another service of this type would be the acquisition by an officer, at his own initiative and without formal training by the Foreign Service Institute, of the command of a difficult or exotic foreign language, and the use thereof to the benefit of the Government and the United States.

Such in-class salary increases are not specifically forbidden by the Fringe Benefits Act and the Department, believing them to be both justifiable and permissible, continued for 6 months after the enactment of the law to make within-grade promotions as rewards for achievement by its officers studying hard foreign languages. The Comptroller General, however, cautioned the Department to make no further in-class salary increases of this character until specific authorizing legislation was obtained. The Department's regulations consequently were changed on July 13, 1955, to eliminate in-class salary increases as a reward for especially meritorious service.

The proposed amendment to section 625 of the Foreign Service Act would reaffirm the Secretary's authority to grant additional in-class increments in recognition of especially meritorious service. The authority would not be used indiscriminately. Regular promotion will reward him if he is doing an outstanding job. Neither is it intended to give in-class promotions for actions or contributions which are contemplated by the Fringe Benefits Act to be rewardable by special cash awards.

There would be no objection by the Department, therefore, to the insertion of a statement in the section that a man cannot be eligible both for a cash award and an in-class promotion for the same meritorious service. Since, however, the Department would in no event make such a double reward, it is not believed that such a statement is necessary.

Similarly there would be no opposition by the Department to the inclusion of a limitation of the number of meritorious in-class promotions which an officer may be given in any single class to two.

SECTIONS 16 AND 17 (S. 443)—AMENDING SECTIONS 631 AND 632, RESPECTIVELY

Under what circumstances does the Department plan to use the new authority contained in sections 631 and 632?

Only when it is clear that the continuation of the services of an officer will be in the public interest and not merely for the personal convenience of the employees. Examples are officers who are conducting delicate negotiations and have useful background of information, personal contacts and good will that might be lost if the officer were replaced before a suitable replacement became available; an officer who has specialized experience or language skill that is in short supply and new officers with this aptitude have not yet been developed through in-service training; and officers who are needed because of program expansion until it is possible to recruit and train additional personnel.

Is it to be understood from the proposed section 634(b) that no Foreign Service officers in classes 4, 5, 6, or 7 who are selected out of the service will be entitled to annuities?

No. Officers in those classes who are selected out and who have had 20 years in Government service and who are 50 years of age or older are entitled to their annuities based upon their length of service. Officers who are not 50 years of age and who have not had 20 years of service may receive an annuity after reaching the age of 60 if they should prefer such annuities rather than have their contributions to the retirement fund returned to them at the time of their retirement.

Is it to be understood that if an officer is say 53 years of age and has devoted 18 years of his life to the Government service, he could be selected out without being entitled to an annuity until he had reached the age of 60?

Yes.

If an officer should be selected out at the age of 48 who has been in the service say 25 years would he have to wait until he was 60 years of age before receiving an annuity?

That is correct, under the terms of this amendment.

On what principle are officers selected out?

The purpose of selection out is to keep the Service at a high level and to permit a fairly regular flow of promotions from the bottom of the Service to the top. Many of the officers in the selection out lists are men of integrity and patriotism and ability. Many of them have given valuable service to the Government. For some reason or other, however, they are failing to keep abreast of the other members of their class in performance. They are, therefore, selected out. If we do not have selection out, we cannot maintain a live, vital service of the kind necessary to promote the interest of the United States in the foreign field. The Foreign Service is to an extent similar to the Armed Forces services in that it must maintain its vitality and the flow of promotions so that more able men can eventually find their way to the top.

Is there not a possibility that the fear of selection out with only a deferred pension would affect the morale of officers who have passed the age of 40?

Yes, this is a problem which concerns us deeply. In fact, we have hesitated in retiring officers over 40 years of age who have already devoted 15 years of their lives to the Government service because of the hardship which such selection out might cause to them and because of the effect on the morale of the whole Foreign Service. The hardship, moreover, is made greater because the officers while abroad have lost contact with their communities in the United States and they have difficulty in finding another job or starting on a new career. Nevertheless, we believe that the Congress and the American people expect us to maintain a Service composed of live, alert, and able officers. The problem is a difficult one.

Do you have any suggestion for solving this problem?

We believe the solution is to make it possible for officers over age 40, with 15 years of Government service, who are selected out to receive immediately such pensions as they have earned. From a humanitarian point of view and from a point of view of the morale of the Service it would be advantageous if annuities could be paid to these officers from the time of their selection out. These annuities might be small but added to such salaries as selected-out officers could earn in private life they might be sufficient to help them to live decent lives and contribute to the education of their children.

SECTION 7 (S. 2233), SECTION 18 (S. 443)—AMENDING THE SECTION 637 TO COMBINE THE EXISTING PROVISIONS OF SECTIONS 637, 638, 651, AND 652.

What is the Department's purpose in combining existing sections 637, 638, 651, and 652, and what effect will the proposed subsection (b) have upon annuities paid to officers separated for cause?

Existing sections 637, 638, 651, and 652 relating to separation of Foreign Service officers and Foreign Service Staff officers and employees, are being combined into one new section 637 in order to provide uniformity in all provisions relating to separation for cause in the Foreign Service. Substantive changes made by this amendment provide—

(1) That the Secretary has the discretion to determine whether an officer or employee should be separated for cause. At present the Secretary does not have complete discretion in this matter. Under present provisions, it is frequently difficult if not impossible to distinguish between unsatisfactory performance and misconduct;

(2) That the requirement of a hearing does not apply if the officer or employee waives the right to a hearing; and

(3) For equitable treatment of all Foreign Service officers, Foreign Service Reserve officers, and Foreign Service Staff officers and employees. The combined new section further clarifies the status of probationary employees and other officers and employees of the Service whose appointments are temporary or limited. Excluding them from the provision of this section since their services may be terminated at any time at the discretion of the Secretary.

Further, the new section 637 clarifies provisions relating to annuity benefits for all participants in the Foreign Service retirement and disability system who are separated for cause and specifically excludes from such provisions those employees

covered by other Federal retirement systems who are entitled to separate benefits under those systems.

Under present provisions relating to separation for cause, officers 45 years of age or over who are separated for unsatisfactory performance of duty are entitled to an immediate annuity based upon their years of service, computed in accordance with the provisions of section 821, but such annuity may not exceed 25 percent of their basic per annum salary at the time of separation. Officers under 45 years of age who are separated from the Service for unsatisfactory performance are entitled to the refund of contributions made by them to the Foreign Service retirement and disability fund or to the payment of 1 year's salary, whichever is greater. Under present provisions officers separated for misconduct or malfeasance are denied annuity benefits and are entitled only to a refund of contributions made by them to the Foreign Service retirement and disability fund.

The proposed amendment will authorize participants in the system who are separated from the Service for cause to receive a refund of contributions to the Foreign Service retirement and disability fund, with interest, or if qualified by total service credit to elect in lieu of a refund of such contributions to receive a deferred annuity payable at age 60. It is our considered opinion that there should be no penalty clause relating to retirement benefits when an officer is separated for cause. We believe that an officer who has contributed to the retirement fund and has served for a sufficient number of years to qualify for a deferred annuity should not be denied the benefits he has earned regardless of the reason for his separation. Accordingly, the proposed amendment will provide such officers with the choice of a refund of retirement contributions, with interest, or a deferred annuity.

10. *In section 19 of S. 443 the Department proposes to give the Secretary authority to fire any Reserve officer or Staff officer serving under a limited appointment of time "notwithstanding the provisions of this or any other law." What are the other laws which would be waived by this provision (sec. 638 of Foreign Service Act of 1946)?*

The "notwithstanding" clause contained in section 19 is a standard-type provision of law frequently included in legislation to eliminate the possibility of laws, known and unknown, being interpreted as applicable to a particular provision in a new statute. To list a single law or certain laws which may be deemed to be applicable would not serve the same purpose as a general "notwithstanding" clause. Any attempt to search all existing law to determine and enumerate the particular statutes that may affect or delimit the provision in the new statute would be an endless task and therefore the rather common usage of the "notwithstanding" clause. The Department is of the opinion that section 19 should stand alone and not be impaired by any existing law, whatever it may be. The justification given for this section of the bill warrants, in our opinion, the broad authority requested.

It is believed that this question may have been raised because of concern expressed by certain Foreign Service Staff personnel who applied and qualified for Reserve officer appointments, that the requested authority will be used to terminate their appointments. The Department welcomes this opportunity to state for the record that there is no basis for such concern. These officers were appointed under the provisions of Foreign Service Circular 252, August 29, 1958, to meet the needs of the Foreign Service and their services will be continued subject only to satisfactory performance and the wishes of the individual officers.

11. *Section 19 of S. 443 would introduce a new section 638 of the act which would permit the discharge of Reserve officers and Staff officers serving under a limited appointment. Why should this provision not be amended to provide for its application for the future only, so as to protect the rights of the employees who were given limited appointments at a time when the authority to discharge them at will did not exist? How many employees are there serving under limited appointment? What are the terms of their appointments?*

According to the legislative history of the Foreign Service Act of 1946, as amended, the Foreign Service Reserve was created to make the services of specialists available to the Department for temporary periods. The provision in section 522 of the act that Reserve officers may be appointed for nonconsecutive periods of not more than 4 years each (amended by Public Law 22, 84th Cong., to 5 years) was a maximum period and has been interpreted by the Department to imply a right to terminate such officers when their services were no longer needed, prior to completion of the maximum period of service permitted under the law.

Similarly, the Department has from time to time needed to appoint Foreign Service Staff personnel for limited periods to staff special programs. In these cases, limitations (such as a period of 2 years or for the duration of the special program) were placed on the appointments, and the officers and employees were terminated in accordance with the specified terms of the appointments.

The Department believes that it has authority to terminate employees serving under limited appointments. Because of periodic challenges of this authority however, the Department considers it necessary to clarify the authority. The Reserve officers and Staff personnel serving under limited appointments who are now on the rolls were appointed for the duration of the need for their services. Therefore, their status is not changed by the proposed amendment and the Department believes that the clarifying provision would be applicable both to present and future appointments.

A tabulation of the number of Reserve and Staff personnel serving under limited appointments as of May 31, 1959, and the terms of their appointments follows:

Terms of appointment	Category		
	Foreign Service Reserve	Foreign Service Staff (regular)	Foreign Service Staff (resident)
Temporary (less than 1 year).....		11	20
Temporary (part time).....			1
Limited indefinite (not to exceed 1 year).....	53	10	8
Limited indefinite (not to exceed 2 years).....	32	38	23
Limited indefinite (not to exceed 3 years).....	20	5	1
Limited indefinite (not to exceed 5 years).....	825		
Limited indefinite (no period specified).....		58	10
Total.....	930	122	63

12. Section 21 of S. 443 proposes to change section 642 so as to allow longevity pay increases for Staff personnel who are at the top of their grade. (a) Would the Department have any objection to defining the phrase "proficiency in the Service"? (b) Why could the Department not handle the problem of such Staff personnel by giving them extra benefits under the Fringe Benefits Act?

(a) The term "proficiency in the Service," as used in section 642(b), means that an employee's performance of duties must clearly exceed the basic work requirements of his job. A precise definition of the phrase "proficiency in the Service" is not deemed necessary within the statute itself since the explanation of the proposed amendment which has been submitted to the committee is believed to make clear the Department's intent to grant longevity increases only on the basis of continued performance at a highly satisfactory level.

Further, this section would combine "proficiency" and "longevity" as prerequisites so as to provide a stimulus for Staff personnel who have been long in the Service, and who have reached the promotion ceiling of their occupational categories, to continue to excel in the performance of their duties as well as to remain in the Service. To achieve a longevity increase under its provisions primary consideration would be given to continued proficiency in the performance of duties, and, secondly, such awards would be tied to total years of service in the Government as well as service in the same FSS class.

(b) Cash awards provided for by the Incentive Awards Act (Public Law 763, 83d Cong.) serve well in providing rewards for especially meritorious or superior service. They are not appropriate as rewards for longevity in class. The granting of longevity pay increases for long and faithful service is a well-established principle in the Federal Government. The Department's proposed revision would authorize the Secretary to grant a longevity salary increment from time to time on the basis of significant longevity landmarks in terms of the total years of the U.S. Government service rendered by employees, provided their records of performance are sufficiently superior to merit the award of such increment. In other words, it is not intended that longevity pay increases would be awarded automatically on the basis of satisfactory service, as is the case with respect to regular within-class increases, but rather the purpose of the plan is to recognize longevity in combination with proficiency in order to provide a stimulus for long-service employees, who remain in the same class, to continue to excel in the performance of their duties as well as to continue in the Service.

SECTION 22 (S. 443)—AMENDING SECTION 701

Justification for the Department's training for adult dependents of Foreign Service personnel and adult dependents of other agencies

The need for better orientation of dependents of officers of the Government serving abroad is virtually self-evident. The reception which U.S. personnel are accorded by citizens of the host country is directly dependent upon the understanding which Americans have and show for local laws, customs, mores, and culture of the country. An understanding of these important elements of good relationships will substantially reduce, and possibly eliminate, actions which, taken through ignorance, tend to be offensive to citizens of the host countries. Such training might be viewed as "defensive" in that it is intended to prevent causes of irritation, friction, and misunderstanding.

The acquisition of a minimum facility with the local language offers an opportunity for a constructive and positive step to earn the goodwill of the citizens of the host country. U.S. officials who attempt to speak the local language, however limitedly, in their public appearances have found that this act of courtesy is thoroughly appreciated and generates a favorable response. The Russian representatives understand fully the importance of linguistic ability and have capitalized upon it.

Adult dependents of Foreign Service personnel as well as those of employees of other agencies engaged in foreign affairs activities are frequently viewed as unofficial representatives of the U.S. Government. Wives particularly have to be considered as an integral part of the official representational unit. These dependents have, therefore, almost the same need for adequate language training and orientation for life overseas as do the employees themselves.

In informal ways and at no additional cost to the Government the Department of State has attempted in the past to give certain minimal training opportunities to some adult dependents. The courses now being offered for adult dependents both of State Department and other agency employees are a short orientation program in Washington and part-time language training at posts abroad. The Foreign Service Institute has also included a very limited number of adult dependents in full-time language classes on a space available basis.

SECTION 23 (S. 443)—AMENDING SECTION 704

Why is there a need for special legislation to permit the employment of aliens by the Foreign Service Institute?

The proposed legislation would enable the Department to employ for use in the Foreign Service Institute qualified alien language and area specialists who, under existing legislation, cannot now be employed on the staff of the Institute.

What use has the Foreign Service Institute made previously of aliens in its training programs and under what authority were they hired?

The Department has employed a limited number of alien language instructors and tutors on a "non-personal-services contract" basis. The Department's authority to continue such contracts has, however, been questioned by the GAO.

13. *Section 24 of S. 443 has resulted in more adverse letters than any other part of the bill. It would appear to be the intention of the Department under that section to get rid of a large number of older staff officers as quickly as possible. Is this the case? (Sec. 803 of Foreign Service Act of 1946)*

The primary purpose of the Department's proposal is to confer upon career staff personnel the benefits of the Foreign Service retirement system, which permit retirement at an earlier age without penalty. The Department believes that they should be entitled to the same retirement provisions as Foreign Service officers. The physical rigors of their service are in all respects identical.

The secondary purpose of the proposal is to recognize that there are superannuated individuals among staff personnel just as there are in the Foreign Service Officer Corps, and the incidence of this factor rises sharply after the age of 60. The Department believes that the earlier retirement of such personnel would be in the interests of Service efficiency, and that it would be to the advantage of these individuals in most cases to retire under the provisions of the Foreign Service system.

The proposal has been designed, however, to work the least possible hardship while making the transition. The formula to put the new program into effect by degrees is intended to help older staff personnel make orderly plans for their

retirement. The number of individuals who would be retired by the proposed system earlier than they wish is not known, but there are 111 now in the upper age brackets who would be required to retire earlier than the present average of retirement in the Staff Corps.

It should be noted that the proposed provisions for the retirement on a gradual scheduled basis of Staff officers and employees who are above mandatory retirement age at the time they become participants in the system are somewhat more liberal than those legislatively imposed in the implementation of the original Foreign Service system when enacted in 1946 or of the civil service retirement system. For example, the initial (1946) Foreign Service 5-year gradual retirement formula is being proposed with the added advantage that participation will not become mandatory until 1 year after enactment of the legislation. On the other hand, provision has been made to enable the employee to participate immediately if he so desires upon enactment of the legislation and to retire voluntarily at an earlier age and date than mandatorily required.

Historically, a major change in any employee benefit system invites and usually draws criticism, particularly from those who may have currently unresolved personal problems. While the Department has received some unfavorable response to this feature of the Foreign Service retirement proposal from some Staff personnel, the great majority of those with whom the proposal has been discussed has enthusiastically endorsed the proposal.

14. *Section 24 of S. 443 would revise section 803 of the act to provide for transfer of staff officers who have had more than 10 years of service to the Foreign Service retirement and disability fund, and would retire them quickly if they are over age 64. Would the Department have any objection to amending this provision so as to have it applicable for future employees only, so as not to prejudice the rights of existing employees who have been working under different expectations? What would be wrong with giving these older staff employees a choice of finishing out their service under the expectation which they have had over the last few years or of going on under the new system proposed in the bill?*

The Department would not favor amending the retirement provision to make it applicable only to new employees. Neither would it favor adoption of optional courses with respect to retirement of presently employed FSS personnel who have had 10 years of service.

The intention of the Department in proposing that all Foreign Service Staff personnel with 10 years or more of service automatically become participants in the Foreign Service Retirement System is to make available to Staff personnel who are planning to make the Foreign Service their career same advantages that are available to Foreign Service officers.

The reasons for recognizing the need for earlier retirement age for Staff personnel are essentially the same as those applying to Foreign Service officers. Career Foreign Service personnel, and more particularly Staff personnel whose opportunities for assignment to the Department are limited, spend the majority of their working years outside the United States. Staff personnel with relatively long periods of service desiring to retire voluntarily without a reduced annuity would benefit from inclusion in the Foreign Service system. There are very few at the present time who remain in service until the mandatory retirement age of 70. The average age of Staff personnel retiring over the past 6½ years has been 65. As is true in the case of Foreign Service officers, earlier mandatory retirement for certain Staff personnel would be in the interest of the Service.

15. *If all of the older Staff members whom the Department would like to retire soon were to be kept on until the end of the period of service which they have expected to fulfill, what would be the difference in the cost to the Department between having them do so and retiring them more quickly under the system proposed by the Department in section 24 of S. 443? (Sec. 803 of F.S.A. of 1946)*

The phrasing of this question implies that the Department is motivated to seek legislation for Staff corps personnel participation in the Foreign Service retirement system primarily by the desire to hasten and facilitate the separation of its senior Staff personnel. This is not the case. On the contrary, the Department's principal aim is to provide equal retirement benefits for all its Foreign Service personnel be they career officers or career Staff personnel.

Historically, Staff personnel have expected to remain in the Service until they become eligible for full, if not maximum, annuity benefits, or otherwise until mandatorily retired at age 70. Over the years many Staff employees have jeopardized not only their own physical well-being but that of members of their

FOREIGN SERVICE ACT AMENDMENTS

families in order to achieve this objective. On the other hand, many have retired at the earliest date of eligibility with a reduced annuity which afforded them only the bare necessities of existence. In the light of such compelling considerations, the accelerated retirement of the relatively small number of incompetent employees is of secondary importance, although in the interests of the Service, the U.S. Government, and the taxpayer.

A fairly large sampling of senior Staff personnel opinion concerning participation in the Foreign Service retirement system and the gradual application of the mandatory provisions in the case of the older employees has indicated that a sizable majority are hopeful of the enactment of the legislation. Moreover, recent studies have revealed that 81 Staff employees have retired during the past 6½ years. Of this number, 26 percent were age 60 and younger, 36 percent age 61 to 65, 25 percent age 66 to 69, and 13 percent age 70. Their average age at retirement was 65. Accordingly, the Department may reasonably expect that many of the 111 older employees currently on the rolls may retire voluntarily before the proposed mandatory provision of section 24 of S. 443 becomes operative. In any event, past experience indicates that the proposed gradual retirement plan will impose no undue hardship on the affected employees, whereas it should prove advantageous to the majority both by reason of earlier retirement privileges without reduction in annuity benefits and by reason of the slightly more generous benefit computation factor of the Foreign Service system.

The earlier retirement of these 111 employees will not in any way impair the efficiency of the Service. The retirements will spread over a 6-year period. Those in the middle and upper grades for the most part, will be replaced numerically by new FSO-8's and in the lower grades by new FSS-13 clerical recruits; thus providing promotion opportunities for Staff personnel above the entrance level.

The difference in total estimated cost to the Department between retaining these 111 employees until the average retirement age of 65 and retiring them under the system proposed in section 24 of S. 443 is given below. These comparative costs reflect estimates based on current salaries of affected employees on the rolls May 1, 1959, and on the assumption that (1) they would retire at the average age of 65, and (2) the Department's proposed gradual retirement system would become operative January 1, 1961.

Basic salary cost to Department of retaining 111 Staff employees on rolls until average retirement age 65.....	\$2, 361, 094
Less: Replacement costs of new FSO-8's and FSS-13 clerical employees and class-to-class promotions if older employees are retired as proposed under sec. 24 of S. 443.....	1, 393, 266
Additional cost to the Department of retaining older employees on the rolls until age 65 instead of retiring them as is proposed under sec. 24 of S. 443.....	967, 828

SECTION 25 (S. 443)—AMENDING SECTION 804

What is the purpose of the Department's proposed amendment to section 804?

Amended section 804(a) provides that in addition to former participants and their widows, children, and widowers may now become annuitants under the Foreign Service retirement and disability system. At the time of enactment of the Foreign Service Act of 1946, annuity benefits for children and widowers were not generally included in the provisions of Federal retirement systems. Since that time, however, improvements in the various other Federal systems have resulted in provisions for automatic benefits for surviving dependent children and dependent widowers and in elective benefits for surviving husbands.

The expansion of the Foreign Service officer corps during recent years has brought into the system an increased number of women Foreign Service officers. It is the Department's view that provision should be made for survivorship benefits for dependent widowers and for women officer participants to be able to elect at the time of retirement, to take a reduced annuity, to provide survivorship benefits for their husbands. Such improved benefits as these will bring the Foreign Service retirement and disability system into line with other Federal retirement systems.

New paragraph 804(b) provides definitions of the terms "widow," "dependent widower," and "child" in order to clarify the use of these terms in title VIII of the Foreign Service Act of 1946, as amended.

FOREIGN SERVICE ACT AMENDMENTS

SECTION 26 (S. 443)—AMENDING SECTION 811

Estimated liabilities and assets, Foreign Service retirement system as of June 30, 1959¹

LIABILITIES

Present value of future annuity payments to members of present retired roll and their prospective survivors.....	\$30, 000, 000
Present value of prospective annuity payments to members of the present active force and their survivors.....	183, 800, 000
Present value of prospective withdrawal or death refunds and promotion-out payments to members of present active force.....	2, 800, 000
Total liabilities.....	216, 600, 000

ASSETS

Funds in hand.....	26, 300, 000
Present value of prospective contributions by members of present active force (5.4 percent of future payroll of present active force) ²	23, 700, 000
Balancing item: Present value of prospective Government retirement and withdrawal obligations with respect to members of the present active force and the present retired roll ³	166, 600, 000
Total assets.....	216, 600, 000

¹ This balance sheet is not the result of a regular, detailed valuation. It is an estimate based upon the valuation of 1953 and a partial study in 1956. It is prepared for the purpose of showing only the general magnitude of the amounts involved. The next regular valuation as of Dec. 31, 1958, is now in progress.

² The extra 0.4 percent represents contributions for military service, transfer of civil service contributions, etc.

³ Composed of present value of future normal premiums required from the Government (18.2 percent of future payroll of present active force), \$88,300,000; and the unfunded liability, \$86,300,000.

SECTION 26 (S. 443)—AMENDING SECTION 811

What is the history on a comparative basis of mandatory contribution rates to the Foreign Service retirement and disability system and the civil service retirement system?

Civil service		Foreign Service	
Percentage of basic salary	Service period	Percentage of basic salary	Service period
2½.....	Aug. 1, 1920, to June 30, 1925.	5 (not to exceed \$9,000).....	July 1, 1924, to June 30, 1931.
3½.....	July 1, 1926, to June 30, 1942.	5 (not to exceed \$10,000).....	July 1, 1931, to Nov. 12, 1946.
5.....	July 1, 1942, to June 30, 1948.	5 (not to exceed \$13,000).....	Nov. 13, 1946, to Aug. 4, 1955.
6.....	July 1, 1948, to Oct. 31, 1956.	5 (full basic salary).....	After Aug. 4, 1955.
6½.....	After Oct. 31, 1956.		

SECTION 27 (S. 443)—AMENDING SECTION 821

What principal advantages to participants in the Foreign Service retirement and disability system will result from the proposed amendments to section 821?

The proposal will provide an increase in survivorship benefits at a reduced cost to the participant. The proposed formula for computing a joint and survivorship annuity under which the retiring officer elects to receive a reduced annuity and, upon death, an annuity for a wife or a husband, and the proposed formula for computing annuities for surviving dependent children are similar to those now in the civil service retirement system. The following example will illustrate the advantages to the participant of the proposed formula over the existing formula.

Average salary for highest 5 years of service.....	\$10, 000
Annuity (2 percent times 30 years of service).....	6, 000

Existing		Proposed	
Maximum survivor annuity----	\$2, 500	Maximum survivor annuity----	\$3, 000
Cost to officer-----	1, 250	Cost to officer (2½ percent of	
Officer's reduced annuity-----	4, 750	\$2,400 equals \$60; 10 percent	
Maximum surviving annuity		of \$3,600 equals \$360)-----	420
payable to a dependent child..	0	Officer's reduced annuity-----	5, 580
		Maximum surviving annuity	
		payable to a dependent child:	
		With surviving parent----	600
		With no surviving parent--	720

SECTION 29 (S. 443)—AMENDING SECTION 832

The civil service retirement system terminates the annuity of a surviving widow when she remarries and that of a surviving dependent widower when he becomes capable of self-support. Why does section 832(b) provide similar treatment for a surviving dependent husband in the Foreign Service system but with respect to a surviving widow provide that the annuity shall continue until her death?

Wives of Foreign Service officers have always been regarded as making a material contribution to the successful discharge of their husbands' representational responsibilities abroad. In addition to the support provided their husbands in carrying on official entertainment they perform important representational functions independently by participating in women's organizations and charities or by teaching English either at the American cultural centers or elsewhere at the post of assignment. Through these various activities they establish useful and friendly contacts with important elements at the roots of public opinion. In effect, the officer and his wife are a team working together for the United States. The surviving widow in a very real sense has earned her annuity and is entitled to it whether or not she remarries. It is for this reason that both the existing and the proposed legislation provide for continuation of her annuity until her death.

The surviving dependent widower of a woman participant who dies in service is provided with an annuity because he is incapable of self-support by reason of mental or physical disability. When he becomes capable of self-support he is no longer entitled to an annuity.

SECTION 33 (S. 443)—AMENDING SECTION 852

Why is the Department proposing that contributions to other Federal retirement systems shall be automatically transferred to the Foreign Service retirement and disability fund when a person becomes a participant by direct transfer from another Federal retirement system?

During the integration program, initiated in 1954, large numbers of Foreign Service Staff personnel and civil service officers and employees were lateraled into the Foreign Service Officer Corps. At that time the Department experienced considerable difficulty in getting these people continuity of retirement coverage to protect them and their families in case of death in service. The rather cumbersome procedure involving the issuance of a refund from the civil service retirement system and the redeposit of such refund into the Foreign Service retirement and disability fund not only brought about delays which resulted in lateral entrants losing the death and disability protection provided by the civil service before being covered by the Foreign Service system but also on the basis of decisions by the Bureau of Internal Revenue resulted in their having to pay income tax on the amounts of such refunds which represented accrued interest on deposits. Although the bulk of the lateral entry program has been completed, persons now covered by other Federal retirement systems will continue to be lateraled into the Foreign Service Officer Corps. Staff personnel brought into the Foreign Service retirement and disability system under the proposed amendment to section 803 will also be required to transfer contributions from the civil service retirement and disability fund to the Foreign Service retirement and disability fund. Provision for the automatic transfer into the Foreign Service retirement fund of contributions to other Federal retirement systems will not only provide continued protection for the employees involved but will simplify accounting and recordkeeping in connection with such transfers.

Sections 941, 942, and 943 of the Foreign Service Act provides medical benefits for active Foreign Service personnel and the dependents of such personnel. Is there any provision for medical care for retired Foreign Service personnel?

No; there is not.

Should the Government take some responsibility for the medical care and treatment of retired Foreign Service personnel?

It is believed that an amendment to the Foreign Service Act which would provide medical care and services for retired Foreign Service personnel and their dependents would be highly desirable, particularly those who have represented the Government in unhealthful and hardship posts.

As the committee knows, the Government does provide medical attention and care to retired officers and personnel of the Armed Forces. An amendment which would provide such medical benefits to retired personnel and their dependents who have served for at least 10 years in foreign posts would be equitable in view of the benefits given military personnel. Such a provision would give recognition to the responsibility of the U.S. Government for the welfare of career Foreign Service officers and employees in their old age who have devoted many years of their life to the service of their country.

SECTION 10(b) (S. 2233)—AMENDING THE FEDERAL INTERNAL REVENUE CODE

Why should retired alien employees not pay taxes on civil service annuities? If necessary from the standpoint of equity could they not be granted a \$600 personal tax exemption?

The persons affected are all former employees of the U.S. Government who, in most cases, have given a lifetime of valuable service to this Government and have been led to believe that their retirement annuities were part of their employment contract and that they have earned the retirement annuity by virtue of contributions they have made to the retirement fund. While working, their salaries are not subject to U.S. income taxes and it appears quite inequitable to tax the annuities stemming from these salaries paid to individuals who continue to live abroad. In most cases, the annuities are pitifully small; many amount to less than \$600 per year, and to subject these annuities to a 30 percent tax makes the U.S. Government appear ridiculous in the eyes of many foreign governments. Some, especially the Government of the Republic of the Philippines, have repeatedly protested the imposition of this tax.

Bills to grant a \$600 personal tax exemption to alien annuitants have been introduced by Representative Keogh in prior years. The Department of the Treasury took the position last year in a letter to the chairman of the House Committee on Ways and Means that it would not be desirable public policy to grant a personal exemption for this purpose because it might create an undesirable precedent. Further, that approach would not cover all of the cases and would be expensive to administer. It was recommended by the Treasury Department that pensions arising out of Federal employment be treated as deferred wage payments and that they be exempt from income tax.

APPENDIX III

UNIVERSITY OF OREGON,
INSTITUTE OF INTERNATIONAL STUDIES AND OVERSEAS ADMINISTRATION,
Eugene, Oreg., July 9, 1959.

Senator WAYNE MORSE,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: I see by the local paper that hearings are being held on S. 730 providing for the establishment of a U.S. Foreign Service Academy.

Since I feel rather strongly about this bill, I would like to communicate my views to you. I also feel that an effort should be made by members of the Oregon congressional delegation to obtain the opinions of people in Oregon institutions of higher learning who are especially concerned with international affairs and have served in various capacities in our Foreign Service.

FOREIGN SERVICE ACT AMENDMENTS

As you well know, several universities have established graduate programs in foreign affairs and overseas administration. The University of Oregon has recently developed an interdisciplinary graduate program in this field, a preliminary outline of which is enclosed. Quite a number of us at the University of Oregon have served in various capacities with the U.S. Government and international agencies abroad, including the Foreign Service. We are confident that we can provide the kind of training that people in the Foreign Service and in other branches of overseas work ought to have. We are also hoping to be able to give our graduate students some experience as interns in overseas work through university overseas contracts and foundation or Government grants for this purpose.

Frankly I have serious doubts regarding the need for or the desirability of establishing a special graduate institution through which our future Foreign Service officers would be funneled. To begin with, such an institute would duplicate the work which is being done by our universities in this field, and I seriously doubt if a Government institution would do the best job and be able to attract the best professors. I myself have had some acquaintance with Government efforts in this general area. I was a member of the civilian faculty of the National War College in 1953-54, and have lectured at the Foreign Service Institute from time to time while I was with the State Department. Second, I am doubtful of the wisdom of standardized training for the Foreign Service by channeling future officers through a "graduate West Point" for the Foreign Service. Nothing could be more harmful to our Foreign Service than to have their education dominated by a particular "school of thought" which might well characterize a special Government university in this area.

I am sorry I was unable to discuss this with you personally when I was in Washington last week for hearings before the Joint Economic Committee. I do have some ideas on how the Government might assist universities in training for this important field. I would be very glad to discuss them with you the next time I am in Washington.

Sincerely yours,

RAYMOND F. MIKESELL,
Acting Director,
W. E. Miner Professor of Economics.

THE AMERICAN LEGION,
Washington, D.C., July 7, 1959.

HON. MICHAEL J. MANSFIELD,
Chairman, Subcommittee on State Department Organization and Public Affairs,
Senate Committee on Foreign Relations, Washington, D.C.

DEAR SENATOR MANSFIELD: Referring to the hearings being held by the Subcommittee on State Department Organization and Public Affairs in connection with foreign service bills, I enclose a copy of Resolution No. 3 adopted at the April 29 to May 1, 1959, meeting of the national executive committee of the American Legion opposing the establishment of a U.S. Foreign Service Academy.

While we are not asking for the privilege of a personal appearance by a representative of the American Legion, I respectfully request that the enclosed resolution be given consideration by the subcommittee during their deliberations on this subject.

I also respectfully request that the resolution be incorporated in the record of the hearings thereon if there be no objection by you or the members of the subcommittee.

Thanking you for your courtesy and with kind personal regards.

Sincerely,

MILES D. KENNEDY,
Director.

NATIONAL EXECUTIVE COMMITTEE MEETING, THE AMERICAN LEGION—HELD IN
INDIANAPOLIS, IND., APRIL 29, 30, AND MAY 1, 1959

Resolution No. 3.
Commission: Foreign Relations.
Subject: U.S. Foreign Service Academy.

Whereas present American Legion policy by convention resolution is opposed to the establishment of a U.S. Foreign Service Academy; and

Whereas there is pending in the present session of Congress some six different bills and resolutions requesting this action: Now, therefore, be it

Resolved by the national executive committee of the American Legion in regular meeting assembled in Indianapolis, Ind., on April 29, 30, and May 1, 1959, That we oppose this legislation for the reasons that several universities have at the present time specialized courses in this field and the State Department is unable to absorb the graduates into their services.
Adopted April 30, 1959.

APPENDIX IV

HON. CLIFFORD P. CASE,
*Senate Office Building,
Washington, D.C.*

BOONTON, N.J., June 15, 1959.

DEAR MR. CASE: On March 23, 1959, Senator Sparkman introduced a bill, S. 1502, concerning pensions for Foreign Service officers and their widows. I am one of those widows, as my husband, Henry B. Hitchcock, was in the Foreign Service from March 1912 to March 1933 when he died in Yokohama, Japan. We had been assigned to various posts in Formosa and Japan, and were then stationed at Nagasaki.

Since at the time there was no provision for widows I could not be a recipient of a pension. The first such bill was passed in 1936 but it was not retroactive so again I lost out.

During the years I have tried many times to interest members of the Foreign Service committee in the case of the pre-1936 widows but with no success until "Dacor" was organized.

Now I am happy to say we have been recognized as ones who also served their country but our small allowance is most inadequate for us who are 70 plus years.

I have been teaching for the past 20 years in a private school but due to age I must soon retire, therefore I am vitally interested in the passing of this bill and I am asking for your favorable consideration.

Sincerely yours,

SARAH J. HITCHCOCK
(Mrs. H. B. Hitchcock.)

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
July 22, 1959.

HON. J. W. FULBRIGHT,
*Chairman, Senate Committee on Foreign Relations,
New Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Enclosed is a statement prepared for your committee by a constituent of mine and a retired Foreign Service officer, Edward M. Groth, now of Colorado Springs, Colo. I would very much appreciate your making this statement a part of the record of the hearings on S. 1502, as I am sure his thoughts will be most valuable in the committee's study of this legislation.

Best regards.

Sincerely yours,

GORDON ALLOTT, U.S. Senator.

STATEMENT REGARDING SOME ECONOMIC FACTORS CONFRONTING RETIRED
FOREIGN SERVICE OFFICERS, BASED ON THE PERSONAL EXPERIENCES AND
OBSERVATIONS OF ONE OF THEM

The proposed legislation in the form of bill S. 1502 currently before the Congress and momentarily before the Senate, seeks equality of treatment for Foreign Service retirees.

Since 1946 the Congress has on three separate occasions endeavored to alleviate the lot of Foreign Service retirees. The first effort was as a result of the Richards bill of 1952 by which those who retired before 1946 were granted an average increase of \$200. The Sparkman bill of 1957 provided an increase of \$324 to those who retired before July 1949. In 1958, another Sparkman bill provided for a 10-percent increase to retired Foreign Service officers and widows, but the actual maximum increase possible under that law was \$500 regardless of the pension received.

While the aforementioned increases were gratefully received and in some measure mitigated certain hardships, the fact remains that the majority of Foreign Service retirees have been discriminated against because the pensions of Foreign Service officers now retiring from active service are based on substantially higher salaries than were received by those who retired a decade or more ago. In that connection it should be observed that the mandatory contributions toward retirement made by those officers who retired before the current higher salary scales became effective were in much sounder dollars than those constituting their pensions.

Recognizing ever-rising living costs, the Congress has increased Foreign Service salaries, since the basic Rogers Act of 1924 by 78 percent, but the majority of retirees never benefited by the substantial increases which have been granted in recent years.

An example of the seriousness of the current situation is the fact that an officer who retired with a net pension of \$3,000 in 1939 would now need approximately \$7,000 to meet taxes and soaring living costs.

In considering the plight of many Foreign Service retirees certain points should be borne in mind.

1. Until a few years ago Foreign Service salaries were inadequate. As a result, it was impossible for officers to save anything for the future or for emergencies. Many officers, including the undersigned, were forced to use their savings accumulated before entrance into the Foreign Service to make ends meet in trying to maintain the prestige of the United States.

2. Until a few years ago, rent, cost of living, representation, travel, and similar allowances were either totally inadequate or nonexistent. In those earlier days one even had to pay for one's passage to the United States on leave. Actually, I was an officer in the Foreign Service for 28 years before the State Department authorized home leave for me at Government expense.

3. A personal example of what many officers were confronted with may be cited to illustrate the difficult position in which one often found oneself.

Immediately following the war, I reopened the American consulate general in Hamburg. Social life in Hamburg at that time was limited by the fact that wives of Allied civilian and military officers were not permitted to live in Germany for the first 20 to 22 months after the cessation of hostilities.

During the first year of my incumbency at Hamburg the representation allowance granted my office was \$1,800. The second year, when the social life of the city gradually revived with the arrival of some Allied wives, that allowance was reduced to \$900, even though official social obligations increased considerably. During the third year of my service in Hamburg official social activity was much greater, but my representation allowance was still further reduced to \$600. It was quite impossible to restrict one's official social activities, in fact they continued to expand, with the result that by the time I was transferred from Hamburg after 3½ years' service there, my savings in the form of U.S. bonds and life insurance policies, had been consumed.

4. Another handicap suffered by Foreign Service officers in contrast to persons living in the United States was the impossibility of purchasing a home in this country which could be paid off during one's career. The result of all this was that when I retired my only capital was some small amounts owed me by the State Department.

5. In spite of periodical official statements of various U.S. Government departments, to the contrary notwithstanding, food prices and many others have increased substantially since my retirement. Health insurance rates, as well as regular medical and dental fees have mounted steadily. The fantastic heights to which hospitalization and other medical charges have risen are of course responsible for the higher premiums demanded by health insurance organizations, but even now those higher premiums do not fully cover increased hospitalization charges and medical fees.

Real estate taxes here have almost doubled in the last 7 years. When I bought my home, which lies in El Paso County and not in Colorado Springs proper, real estate taxes amounted to \$164. Now they are just under \$400 per annum. House maintenance and repair charges are also much higher. General insurance rates have advanced, but automobile insurance rates have gone even higher. Everywhere producers seem to be charging all the traffic will bear even though one may doubt that such increases are honestly justified. With the rising popularity of the dangerously deceptive theory of "planned obsolescence" which is now so prevalent in the United States, the price one pays for merchandise frequently has no bearing on actual costs and hence is not justified by the poor quality of the

210 FOREIGN SERVICE ACT AMENDMENTS

products in question. This absence of quality necessitates more frequent replacements which in turn further advance living costs.

Even charitable organizations now expect higher contributions than in the past to their various funds. Of course their expenses have increased but retirees cannot afford to increase their contributions proportionately.

6. At times retirees wonder how much longer they can afford to live in the United States. Quite a number of them now live abroad so as to make their pensions stretch.

Retired Foreign Service officers are not asking for special favors, but only for equality of treatment. Older retirees paid for their annuities the same man-years of work as Foreign Service officers who retire from the Service now. Obviously it costs those officers who retired a decade or more ago as much to live as it does those colleagues who retire now, but that fact seems to have been overlooked.

In view of the aforementioned facts, it is hoped that the Senate Committee on Appropriations will recommend favorable action on bill, S. 1502, so that the present substantial inequities in treatment of Foreign Service retirees may be eliminated.

×

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

be entitled in lieu of his annuity to the full salary of the class in which he is serving. During such service, he shall make contributions to the fund in accordance with the provisions of section 881. When he reverts to his retired status, his annuity shall be determined in accordance with the provisions of section 881."

Sec. 44. A new section 872 is hereby added to such Act as follows:

"REEMPLOYMENT"

"Sec. 872. (a) Notwithstanding any other provision of law, any officer or employee of the Service, who has retired under this Act, as amended, and is receiving an annuity pursuant thereto, and who is reemployed in the Federal Government service in any appointive position, either on a part-time or full-time basis, shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this Act, as amended, which when combined with such salary does not exceed during any calendar year the basic salary such officer or employee was entitled to receive under sections 412 or 416 of the Act, as amended, on the date of his retirement from the Service. Any such reemployed officer or employee who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this paragraph shall be entitled to such salary in lieu of benefits hereunder.

"(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto and shall cause to be paid, by transfer or otherwise, to the Department of State funds necessary to cover gross salary, employer contributions, and gross lump sum leave payment relating to the employment of the reemployed officer or employee. The Department of State shall make to and on behalf of the reemployed officer or employee payments to which he is entitled under the provisions of paragraph (a) of this section, and shall make those withholdings and deductions authorized and required by law.

"(c) In the event of any overpayment under this section, the Secretary of State is authorized to withhold the amount of such overpayment from the salary payable to such reemployed officer or employee or from his annuity."

Sec. 45. (a) So much of paragraph (a) of section 881 of such Act as precedes subparagraph (1) thereof is amended to read as follows:

"(a) Any participant may, at his option and under such regulations as may be prescribed by the President, deposit additional sums in multiples of 1 per centum of his basic salary, but not in excess of 10 per centum of such salary, which amounts together with interest at 3 per centum per annum, compounded annually at the end of each fiscal year through June 30, 1960; semiannually as of December 31, 1960; annually thereafter as of December 31, and proportionately for the period served during the year of his retirement, including all contributions made during or for such period, shall, at the date of his retirement and at his election, be—"

"(b) Paragraph (c) of section 881 of such Act is amended by deleting the word "annually" and inserting in lieu thereof the phrase "as is provided in paragraph (a) of this section", and by changing the words "withdrawal from active service" at the end of such paragraph to "separation from the Service".

Sec. 46. Section 914 of such Act is amended by striking therefrom the words "and by inserting between the words 'household' the word 'furniture' and by inserting between the words 'household equipment' the phrase 'furnishings and'."

Sec. 47. Section 915 of such Act and the heading therefor is amended to read as follows:

"TRANSPORTATION OF MOTOR VEHICLES"

Sec. 915. The Secretary may, notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Service, a privately owned motor vehicle in any case in which he shall determine that water, rail, or air transportation of the motor vehicle is necessary or expedient for all or any part of the distance between points of origin and destination. Not more than one motor vehicle of any such officer or employee may be transported under authority of this section during any four-year period, except that, as a replacement for such motor vehicle, one additional motor vehicle of any such officer or employee may be so transported during such period upon approval, in advance, by the Secretary and upon a determination, in advance, by the Secretary that such replacement is necessary for reasons beyond the control of the officer or employee and is in the interest of the Government. After the expiration of a period of four years following the date of transportation under authority of this section of a privately owned motor vehicle of any officer or employee, who has remained in continuous service outside the continental United States (excluding Alaska and Hawaii) during such period, the transportation of a replacement for such motor vehicle for such officer or employee may be authorized by the Secretary in accordance with this section."

Sec. 48. (a) Section 1021 of such Act is amended by inserting the phrase "the Department including" immediately prior to the phrase "the Service" wherever it appears in this section.

(b) Section 1021(a) is further amended by striking out the phrase "recommended by the Director General" and inserting in lieu thereof the phrase "at the discretion of the Secretary".

Sec. 49. Section 4 of the Foreign Service Buildings Act, 1926, as amended (22 U.S.C. 295), is amended by adding at the end thereof the following new subsection:

"(c) For the purpose of carrying into effect the provisions of this Act there is hereby authorized to be appropriated, in addition to amounts previously authorized, an amount not to exceed \$10,000,000, which shall remain available until expended."

Sec. 50. Section 11 of the Act of August 1, 1956 (70 Stat. 890), is hereby amended by inserting after the phrase "Government-owned vehicles" the phrase "or taxicabs", and by inserting after the phrase "public transportation facilities" the phrase "other than taxicabs".

Sec. 51. Paragraph (4) of section 104(a) of the Internal Revenue Code of 1954 (26 U.S.C. 104(a)(4)) (relating to the exclusion from gross income of compensation for injuries and sickness) is hereby amended to read as follows:

"(4) amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country or in the Coast and Geodetic Survey or the Public Health Service, or as a disability annuity payable under

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020002-2

the provisions of section 831 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1081-80 Stat. 1081), and in each case as amended.

Sec. 52. The following headings and sections in the Foreign Service Act of 1946, as amended, are hereby repealed:

- (1) Section 442 of such Act and the heading thereto.
- (2) Section 525 of such Act and the heading thereto.
- (3) Section 576 of such Act and the heading thereto.
- (4) Section 577 of such Act and the heading thereto.

Sec. 53. Any person who occupies a position in the Department of State to which he was appointed by the President, by and with the advice and consent of the Senate, at the time that he was an active Foreign Service officer, and who, while holding this position has retired for age as a Foreign Service officer, and who on the effective date of this section, continues to hold such position is hereby reinstated, effective as of the date of such retirement, to active status as a Foreign Service officer and shall be entitled to all the provisions of the Foreign Service Act of 1946, as amended, as though he had never retired.

Sec. 54. Notwithstanding the provisions of this Act, existing rules and regulations of or applicable to the Foreign Service of the United States shall remain in effect until revoked or rescinded or until modified or superseded by regulations made in accordance with the provisions of the Foreign Service Act of 1946, as amended by this Act, unless clearly inconsistent with the provisions of this Act or the provisions so amended.

Sec. 55. Notwithstanding any other provisions of law, any Foreign Service staff officer who accepted an appointment as a Foreign Service Reserve officer in the Department of State during the period beginning September 1, 1958, and ending December 31, 1958, both dates inclusive, shall not be separated from the Foreign Service before the expiration of his original appointment as a Foreign Service Reserve officer, except as authorized by section 637 of the Foreign Service Act of 1946, as amended.

Sec. 56. (a) The provisions of this Act shall become effective as of the first day of the first pay period which begins more than thirty days after the date of enactment of this Act, except as provided in paragraph (b), (c), (d), and (e) of this section, and except as otherwise provided in the text of this Act.

(b)(1) The provisions of paragraph (c)(1) of section 803 of the Foreign Service Act of 1946, as amended by section 31(b) of this Act, shall become effective on the first day of the first month which begins more than one year after the date of enactment of this Act, except that any Foreign Service staff officer or employee, who at the time this Act becomes effective meets the requirements for participation in the Foreign Service Retirement and Disability System, may elect to become a participant in the System before the mandatory provisions become effective. Such Foreign Service staff officers and employees shall become participants effective on the first day of the second month following the date of their application for earlier participation.

(2) The provisions of paragraph (c)(2) of section 803 of the Foreign Service Act of 1946, as amended by section 31(b) of this Act, shall become effective on the first day of the first month which begins more than three years after the date of enactment of this Act.

(c) The amendment made by section 33 of this Act, with respect to a contribution to the Foreign Service Retirement and Disability Fund to be made by the Department, shall become effective July 1, 1961.

(d) The amendment made by section 41 of this Act shall take effect on the first day of the first month which begins more than thirty days after the date of enactment of this Act.

(e) The amendment made by section 51 of this Act shall be effective with respect to taxable years ending after the date of enactment of this Act. And the House agree to the same.

WAYNE L. HAYS,
EDNA F. KELLY,
LEONARD FARBSTAIN,
ALVIN M. BENTLEY,
FRANCES P. BOLTON,
Managers on the Part of the House,

J. W. FULBRIGHT,
JOHN SPARKMAN,
MIKE MANSFIELD,
BOURKE B. HICKENLOOPER,
HOMER E. CAPEHART,
Managers on the Part of the Senate

**STATEMENT OF THE MANAGERS ON THE PART OF
THE HOUSE**

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2633) to amend the Foreign Service Act of 1946, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

LIMITED AND PROBATIONARY APPOINTMENTS

Section 12 of the House amendment to the Senate bill amends section 531 of the Foreign Service Act which deals with limited and temporary appointments, including probationary periods of service, of Foreign Service Staff officers and employees. The Senate bill contains a similar provision. Under both versions the Secretary may terminate at any time and without regard to the provisions of any other law the services of Staff officers and employees appointed for temporary or limited service or who occupy probationary status. The Senate version contains a provision that should a Staff officer or employee in one of these categories be separated because of misconduct, he shall be given a hearing in accordance with the provisions of section 637 of the act. The managers on the part of the House accepted the Senate language.

TERMINATION OF SERVICES OF RESERVES AND LIMITED APPOINTEES

The managers on the part of the House accepted section 28 of the Senate bill with an amendment. This section permits the Secretary to terminate at any time the services of any Foreign Service Reserve officer or Staff officer or employee who is serving under a limited appointment except that if such termination is because of misconduct the provisions of the language contained in section 27 of the Senate bill dealing with separation for cause will be applicable. The managers on the part of the House accepted this part of section 28 of the Senate bill.

Section 28 also provides that the conditions of employment of a small group of former Staff officers who accepted Reserve officer appointments in the latter part of 1958 would not be affected by the provisions for termination of Reserve officer appointments contained in the first sentence of this section. The conferees deleted this portion of the Senate bill, as covered by section 52 of the House amendment, which was accepted by the Senate conferees. Section 52 of the House amendment (renumbered as sec. 55 of the conference substitute) provides that the services of this small group of Reserve officers would not be terminated before the expiration date of their appointments except where termination is for cause. The Senate accepted the language of the House amendment, with a perfecting amendment.

SEPARATION FOR CAUSE

Section 27 of the Senate bill brings into one section procedures for the separation of Foreign Service officers, Reserve officers, or Staff personnel for unsatisfactory performance of duty or for such other cause as will promote the efficiency of the Foreign Service. These procedures do not apply to Foreign Service officers of class 8 or any other officer or employee of the Service who is in a probationary status or whose appointment is limited or temporary except when the separation of such individuals is by reason of misconduct. It also provides that a participant in the Foreign Service retirement system separated under this section, if he has 5 years of service, may elect to receive a deferred annuity at age 60 except in cases where the Secretary determines that separation was based in whole or in part on grounds of disloyalty.

The managers on the part of the House accepted the Senate provision. The provisions for separation in this section will be used in those cases involving misconduct as provided in sections 14 and 28 of the Senate bill which the managers on the part of the House agreed to.

EXTENSION OF SERVICES

Section 20 of the Senate bill permits the Secretary of State, whenever he shall determine it to be in the public interest, to extend for a period of not more than 5 years the services of a career ambassador or a career minister who has reached the mandatory retirement age. The House amendment contains no limitation on the number of years of postretirement service that such an individual could serve. The managers on the part of the House accepted the limitation contained in the Senate bill.

HOUSING DIFFERENTIAL DURING SERVICE IN THE UNITED STATES

The Senate bill (sec. 18) contains a section providing for a housing differential for Foreign Service personnel assigned to duty in the continental United States and Foreign Service officers of class 7 and 8 assigned to duty in the continental United States prior to assignment abroad. The House amendment does not contain this provision. In receding from the Senate version the conferees of both Houses were in agreement that the Senate provision was desirable and reasonable. Unlike other Government employees the Foreign Service is a mobile service in which a tour of duty in Washington constitutes only a small part of their total service. They acquire little or no equity in housing. Because of the strong opposition of the executive branch the conferees agreed to omit this section from the bill.

ESOTERIC FOREIGN LANGUAGES

Section 32(b) of the Senate bill adds a provision to the Foreign Service Act which authorizes the Secretary of State to provide special monetary incentives to encourage Foreign Service personnel to acquire or to retain proficiency in esoteric foreign languages or other special abilities needed in the Service. The House amendment has no comparable provision. The acquisition and maintenance of proficiency in the esoteric languages is a time-consuming and frequently extra-curricular requirement which imposes heavily upon an officer's or

employee's time. Further, an officer who becomes such a language and area specialist will in most instances be called upon to spend a disproportionate part of his career in the Service at posts where living conditions are difficult. The need for officers trained in these difficult languages is becoming increasingly important in the conduct of foreign-affairs activities. The managers on the part of the House accepted the Senate language in the belief that the Secretary should have authority to offer incentives that will stimulate the mastery of these languages.

FOREIGN LANGUAGE KNOWLEDGE PREREQUISITE TO ASSIGNMENT

The Senate bill requires that the Secretary designate every Foreign Service officer position in a foreign country whose incumbent should have a useful knowledge of a language or dialect common to such country. The House amendment requires that the Secretary determine annually the number of such positions.

The Senate bill also provides that each such position so designated shall be filled after December 31, 1963, only by an incumbent having such knowledge. The House amendment provides that after that date the prescribed quota of language officers be maintained for each country.

The Senate bill permits either the Secretary or the Deputy Under Secretary for Administration to make exceptions to this requirement for individuals or when special or emergency conditions exist. The House amendment permits exceptions only by the Secretary when special or emergency conditions exist.

The managers on the part of the House accepted the Senate language.

FOREIGN SERVICE BUILDINGS PROGRAM

Section 55 of the Senate bill carries an authorization for the Foreign Service buildings program of \$100 million, of which half is to be used for the purchase of local currencies to finance the program. The House amendment contains no language on this matter.

The Subcommittee on State Department Organization and Foreign Operations of the Committee on Foreign Affairs held extensive hearings during 1959 and 1960 on the buildings program. Testimony before the subcommittee showed inconsistencies in justification of new buildings and an arbitrary handling of the program by the Office of Foreign Buildings. Under these conditions neither the subcommittee nor the Committee on Foreign Affairs was willing to authorize additional sums. Apart from new construction and acquisition of property, money is needed for maintenance, rehabilitation, and planning. The managers on the part of the House agreed to an authorization of \$10 million for the program. It is the intention of the conferees that to the maximum extent practicable local currencies owed to or owned by the United States will be used.

WAYNE L. HAYS,
EDNA F. KELLY,
LEONARD FARBERSTEIN,
ALVIN M. BENTLEY,
FRANCES P. BOLTON,

Managers on the Part of the House.